

with the Sunday immediately following Easter Sunday of each year as National Credit Week; to the Committee on the Judiciary.

By Mr. PRICE of Illinois:

H.J. Res. 1206. Joint resolution authorizing the President to proclaim August 11, 1968, as Family Reunion Day; to the Committee on the Judiciary.

By Mr. COHELAN:

H. Con. Res. 744. Concurrent resolution requiring appropriate committees of the Congress to consider and report whether further congressional action is desirable in respect to U.S. policies in Southeast Asia; to the Committee on Rules.

By Mr. McDADE:

H. Con. Res. 745. Concurrent resolution establishing the Joint Select Committee on Observance of the 50th anniversary of Armistice Day; to the Committee on Rules.

By Mr. REUSS:

H. Con. Res. 746. Concurrent resolution terminating the joint resolution of August 10, 1964, relating to the maintenance of international peace and security in Southeast Asia; to the Committee on Foreign Affairs.

By Mr. WOLFF (for himself, Mr. BINGHAM, Mr. BROWN of California, Mr. BUTTON, Mr. CONYERS, Mr. DIGGS, Mr. EDWARDS of California, Mr. FRASER, Mr. HELSTOSKI, Mr. KARTH, Mr. KASTENMEIER, Mr. KUPFERMAN, Mr. LEGGETT, Mr. PODELL, Mr. REES, Mr. REUSS, Mr. ROSENTHAL, Mr. ROYBAL, Mr. RYAN, Mr. SCHEUER, Mr. WILLIAMS of Pennsylvania, and Mr. GILBERT):

H. Con. Res. 747. Concurrent resolution terminating the joint resolution of August 10, 1964, relating to the maintenance of international peace and security in Southeast Asia; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KING of New York:

H.R. 16306. A bill for the relief of Lawrence P. Conradson; to the Committee on the Judiciary.

By Mr. LONG of Maryland:

H.R. 16307. A bill for the relief of Eleftheria Skarganis; to the Committee on the Judiciary.

By Mr. O'NEILL of Massachusetts:

H.R. 16308. A bill for the relief of Hameed and Noor Fatima Dean (Din) and their minor child; to the Committee on the Judiciary.

H.R. 16309. A bill for the relief of Salvatore Taormina; to the Committee on the Judiciary.

By Mr. PODELL:

H.R. 16310. A bill for the relief of Francesco Trapani; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

275. The SPEAKER presented a petition of Rose Hoyt and others, Portland, Oreg., relative to the Federal social security system, which was referred to the Committee on Ways and Means.

SENATE—Thursday, March 28, 1968

The Senate met at 11 o'clock a.m., on the expiration of the recess, and was called to order by the President pro tempore.

Bishop W. Earl Ledden, D.D., Wesley Theological Seminary, Washington, D.C., offered the following prayer:

Almighty God, we bless Thy name that Thou art near—near enough to hear us when we call to Thee. Our need is great, and we pray that Thou wilt cleanse and empower us to do that which is acceptable in Thy sight this day.

Especially do we seek divine blessing upon Thy servants in this Chamber, now confronted with responsibilities so massive and so many. We know not what a day, or a decision, may bring forth; but before this day is done, or its decisions made, we pause in Thy presence to open our hearts to Thy truth.

Grant that here may be spoken a word heard 'round the world: a word of such elevation and enlightenment as shall lift men's hearts and strengthen their hands to rid the world of the sin and obscenity of the war system, and to establish, by Thy grace, a human habitation of justice and compassion fit for the family of man for whom Christ died.

In His name. Amen.

THE JOURNAL

Mr. LONG of Louisiana, Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, March 27, 1968, be approved.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Jones, one of his secretaries.

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the order of yesterday, there will be a

brief period for the transaction of routine morning business.

Mr. LONG of Louisiana, Mr. President, I ask unanimous consent that statements in relation to the transaction of routine morning business be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. LONG of Louisiana, Mr. President, I ask unanimous consent that the following committee and subcommittees be authorized to meet during the session of the Senate today:

The Committee on the Judiciary.

The Subcommittee on Housing of the Committee on Banking and Currency.

The Subcommittee on Government Research of the Committee on Government Operations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ENROLLED BILL SIGNED

The PRESIDENT pro tempore announced that on today, March 28, 1968, the Vice President signed the enrolled bill (H.R. 1308) to establish the Saugus Iron Works National Historic Site in the State of Massachusetts, and for other purposes, which had previously been signed by the Speaker of the House of Representatives.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHURCH, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 7325. An act to authorize the Secretary of the Interior to exchange certain Federal lands for certain lands owned by Mr. Robert S. Latham, Albany, Oreg. (Rept. No. 1041).

By Mr. SYMINGTON, from the Committee on Armed Services, without amendment:

H.R. 5785. An act to authorize the disposal

of magnesium from the national stockpile (Rept. No. 1042); and

H.R. 14367. An act to authorize the disposal of beryl ore from the national stockpile and the supplemental stockpile (Rept. No. 1043).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 1000. A bill for the relief of Jack Nam Yee (Rept. No. 1044);

S. 1749. A bill for the relief of Dr. Enrique Jose Catusas Soto (Rept. No. 1045);

S. 1960. A bill for the relief of Dr. Alfredo Aucar (Rept. No. 1046);

S. 2250. A bill for the relief of Dr. Hugo Vicente Cartaya (Rept. No. 1047);

S. 2311. A bill for the relief of Dr. Evelio Francisco Diaz (Rept. No. 1048);

S. 2371. A bill for the relief of Dr. Herman J. Lohmann (Rept. No. 1049);

S. 2378. A bill for the relief of Dr. Julio P. Amable (Rept. No. 1050);

S. 2383. A bill for the relief of Dr. Francisco J. Menendez (Rept. No. 1051);

S. 2448. A bill for the relief of Dr. Gilberto Hedes de la Campa (Rept. No. 1052);

S. 2469. A bill for the relief of Dr. Carlos Hernandez (Rept. No. 1053);

S. 2491. A bill for the relief of Dr. Antonio Pina (Rept. No. 1054);

S. 2501. A bill for the relief of Dr. Fernando Rafael Boudet-Esteban (Rept. No. 1055);

S. 2504. A bill for the relief of Dr. Martiniano L. Orta (Rept. No. 1056); and

S. 2581. A bill for the relief of Dr. Edmee Serantes (Rept. No. 1057).

By Mr. McCLELLAN, from the Committee on the Judiciary, without amendment:

H.R. 11254. An act for the relief of Jack L. Good (Rept. No. 1064).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 1069. A bill for the relief of Dr. Chung Chick Nahm (Rept. No. 1058);

S. 2165. A bill for the relief of Rene E. Montero (Rept. No. 1059); and

S. 2506. A bill for the relief of Dr. Julio Epifanio Morera (Rept. No. 1060).

By Mr. BAYH, from the Committee on the Judiciary, with an amendment:

S. 2409. A bill for the relief of the estate of Josiah K. Lilly (Rept. No. 1063).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 2585. A bill for the relief of Kim Kap Rai (Rept. No. 1061); and

S. 2720. A bill for the relief of Heng Long Thung and Yvonne Maria Thung (Rept. No. 1062).

By Mr. ERVIN, from the Committee on the Judiciary, without amendment:

S. Res. 113. A resolution to refer the bill (S. 1671) entitled "A bill for the relief of Bernard J. Campbell" to the chief commissioner of the Court of Claims for a report thereon (Rept. No. 1065).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JAVITS (for himself, Mr. PROUTY, Mr. ALLOTT, Mr. BROOKE, Mr. CASE, Mr. HANSEN, Mr. HATFIELD, Mr. KUCHEL, Mr. MORTON, Mr. PEARSON, Mr. PERCY, Mr. SCOTT, and Mr. COOPER):

S. 3249. A bill to provide a comprehensive national manpower policy, to improve the Manpower Development and Training Act of 1962, to authorize a community service employment program, and for other purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. JAVITS when he introduced the above bill, which appear under a separate heading.)

By Mr. INOUE:

S. 3250. A bill authorizing veterans' benefits for persons who served in the Local Security Patrol Force of Guam during World War II; to the Committee on Finance.

(See the remarks of Mr. INOUE when he introduced the above bill, which appear under a separate heading.)

By Mr. RIBICOFF:

S. 3251. A bill for the relief of Howard Staub; to the Committee on the Judiciary.

By Mr. CLARK:

S. 3252. A bill for the relief of Peppino Campus; to the Committee on the Judiciary.

By Mr. HART:

S. 3253. A bill for the relief of Minoo Bomanshaw Chinoy and his wife, Jerroo Minoo Chinoy; to the Committee on the Judiciary.

By Mr. BIBLE (by request):

S. 3254. A bill to amend title 18, United States Code, relating to conflicts of interest, with respect to the members of the District of Columbia Council; to the Committee on the Judiciary.

By Mr. MONDALE:

S. 3255. A bill to amend the Housing Act of 1949 and the Housing Act of 1964 to strengthen the existing programs of code enforcement and financial assistance in deteriorated or deteriorating urban areas; to the Committee on Banking and Currency.

(See the remarks of Mr. MONDALE when he introduced the above bill, which appear under a separate heading.)

By Mr. BREWSTER:

S. 3256. A bill to provide for the regulation of political activities of public employees, and for other purposes; to the Committee on Rules and Administration.

(See the remarks of Mr. BREWSTER when he introduced the above bill, which appear under a separate heading.)

By Mr. MAGNUSON:

S. 3257. A bill for the relief of George Lagos, his wife, Helen A. Lagos, and their two sons, Demetrious Lagos and Anastasios Lagos; to the Committee on the Judiciary.

By Mr. JAVITS:

S. 3258. A bill for the relief of Sue-Hyunne Har; to the Committee on the Judiciary.

By Mr. SCOTT:

S. 3259. A bill for the relief of Dr. Tsung-Chu-Chou; to the Committee on the Judiciary.

S. 3250—INTRODUCTION OF BILL RELATING TO BENEFITS FOR PERSONS WHO SERVED IN THE LOCAL SECURITY PATROL FORCE OF GUAM DURING WORLD WAR II

Mr. INOUE. Mr. President, shortly after the liberation of Guam in July of 1944, the U.S. military command organized among the male residents of Guam a military unit known as the Local Security Patrol Force of Guam. This group had as its task the routing out and extermination of hundreds of armed and dangerous Japanese stragglers who were then still holding out in jungles and back-country areas of Guam. This local security patrol force performed its task in an outstanding manner, killing and capturing a large number of the enemy and pacifying the large areas of the island in which these stragglers had been operating prior to the establishment of the patrol.

The patrol was strictly a military venture. The men wore American uniforms, carried American weapons, and acted under the overall command of officers of the Armed Forces of the United States. Many in the patrol were killed or wounded in the course of the campaign against the Japanese holdouts. In recognition of their services, the military authorities in Guam gave official military recognition to this unit and its men by awarding its participants military medals including the Bronze Star and the Purple Heart. Subsequent to the war, the local government has accorded the members of this patrol veterans status in the form of civil service credit and low-cost housing priorities.

The measure I am introducing would entitle these men to receive all benefits now available to the regular veterans of our military forces. The bill specifically states that no benefits will be paid to any person for any period prior to the date of enactment of this act. An estimated 40 members would be affected.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3250) authorizing veterans' benefits for persons who served in the Local Security Patrol Force of Guam during World War II, introduced by Mr. INOUE, was received, read twice by its title, and referred to the Committee on Finance.

S. 3255—INTRODUCTION OF BILL RELATING TO STRONGER NEIGHBORHOODS

Mr. MONDALE. Mr. President, today I introduce legislation designed to change the emphasis of our urban redevelopment efforts by strengthening the code enforcement program by amending it to "stronger neighborhoods" program. My distinguished colleague in the House, Congressman DONALD FRASER, of Minnesota, devoted many hours in drafting this bill. I was pleased to work with him on this bill, and I am proud to be the sponsor of it in the Senate.

This legislation would improve the existing code enforcement program in two ways. First, it would better enable the local community to improve public facilities in a code enforcement neighbor-

hood. It would give the community additional authority to be a more dynamic force in preventing deterioration within the neighborhood. Second, the bill would give the individual property owner increased financial assistance to improve his property.

At present, efforts in code enforcement are too often just patchwork, remedies to meet immediate deficiencies. These efforts are not sufficient. A holding action is only a temporary solution. Our emphasis must be to make these neighborhoods strong and viable; not neighborhoods which will have to be cleared a few years later.

To accomplish this objective, the bill would amend the code enforcement program, section 117, of the National Housing Act, in three major ways:

First, it would change the name of the program from "code enforcement" to "stronger neighborhoods." This would reflect the change in the program from one which emphasizes regulatory policy to one which concentrates on neighborhood revitalization.

Second, it would broaden the activities which a community could undertake in such a neighborhood. Specifically, the public agency would be able to purchase and demolish a limited number of deteriorated properties when it is not economically feasible to save these properties.

Third, it would expand the public improvement projects which would be eligible for Federal assistance in a code enforcement neighborhood to include water, sewer, and storm drainage projects.

In addition, the bill would modify the rehabilitation grant program, section 115 of the National Housing Act. Presently, this program provides grants to low-income families who own and occupy property in a code enforcement area. These grants are limited to property improvements to bring the dwelling up to code standards, and cannot exceed \$1,500. This bill would amend the program in the following ways:

First. Raise maximum grant limit to \$2,500.

Second. Raise the income limits to \$3,500.

Third. Give the Secretary the authority to increase the maximum grant above \$2,500 in high-cost areas.

Finally, the home improvement loan program, section 312 of the National Housing Act would be amended to permit loans for general property improvements. The present language restricts these loans only to improvements which will bring the property up to code standards.

Mr. President, these amendments are necessary to insure that our efforts in neighborhood improvement will be effective. We cannot skip in our attempts to revitalize neighborhoods. We must make sure our programs will create lasting neighborhoods. Thus we must give the communities tools to accomplish this task.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record at this point.

The PRESIDENT pro tempore. The bill will be received and appropriately

referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3255) to amend the Housing Act of 1949 and the Housing Act of 1964 to strengthen the existing programs of code enforcement and financial assistance in deteriorated or deteriorating urban areas, introduced by Mr. MONDALE, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

S. 3255

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 117 of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "Notwithstanding any other provision of this title, the Secretary is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties for the purpose of assisting such localities in carrying out programs for the strengthening of neighborhoods in deteriorated or deteriorating areas in which such programs, together with those public improvements to be provided by the localities involved, may be expected to arrest the decline of the areas. Any such program (1) shall include concentrated code enforcement activities, and (2) may also include the acquisition by the appropriate local public agencies of residential property in the code enforcement area for the purpose of the demolition and removal of buildings and improvements on the property, or for the purpose of the repair and rehabilitation of such buildings and improvements for guidance purposes or for resale for dwelling use or as related facilities; except that activities described in clause (2) in any code enforcement area may be carried out only to the extent necessary to eliminate unhealthful, unsanitary, or unsafe conditions, lessen density, eliminate obsolete uses of any other uses detrimental to the public welfare, or otherwise prevent the spread of blight or deterioration, and the total property acquired in such activities may in no case include more than 5 per centum of the total number of dwelling units in the code enforcement area."

(b) Section 117 of such Act is further amended by striking out "and similar improvements within such areas" and inserting in lieu thereof "water, sewer, and storm drainage systems, and improvements of other public facilities within such areas".

(c) The heading of section 117 of such Act is amended to read as follows:

"STRONGER NEIGHBORHOODS"

SEC. 2. (a) Section 115(b) of the Housing Act of 1949 is amended—

(1) by striking out "\$1,500" and inserting in lieu thereof "\$2,500";

(2) by striking out "\$3,000" each place it appears and inserting in lieu thereof "\$3,500"; and

(3) by adding at the end thereof the following new sentence: "Notwithstanding the preceding provisions of this subsection, the Secretary may by regulation increase the maximum amount of the grants authorized by this section by an amount not to exceed 45 per centum in any geographical area where he finds that cost levels so require."

(b) The second sentence of section 115(a) of this Act is amended—

(1) by striking out "a structure" and inserting in lieu thereof "property"; and

(2) by striking out "such structure" and inserting in lieu thereof "such property".

SEC. 3. (a) Section 312(a) of the Housing Act of 1964 is amended—

(1) by striking out "of concentrated code enforcement activities" in the first sentence;

(2) by striking out "to finance rehabilitation" and all that follows in the first sentence and inserting in lieu thereof "to finance improvements required to make the property conform to applicable code requirements or to carry out the objectives of the urban renewal plan for the area and, in addition, to generally improve the condition of the property."; and

(3) by striking out "rehabilitation" in the second sentence and inserting in lieu thereof "improvement".

(b) Section 312(b)(1) of such Act is amended to read as follows:

"(1) the term 'improvement' means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling of any real property;"

(c) Section 312(b)(3) of such Act is amended by striking out "rehabilitation".

(d) Section 312(c) of such Act is amended—

(1) by striking out "rehabilitation" in the matter preceding paragraph (1); and

(2) by striking out "rehabilitation" in paragraph (2) and each place it appears in paragraph (4) and inserting in lieu thereof "improvement".

S. 3256—INTRODUCTION OF BILL TO REVISE THE HATCH ACT

Mr. BREWSTER. Mr. President, during 1967, a distinguished group of citizens spent many months in work, study, and research on the problems associated with the political activity of public employees. I refer to the Commission on Political Activity of Government Personnel. And today I am introducing a bill which is the result of that work. It will, in my judgment, bring long overdue reform to the Political Activities Act of 1939, generally referred to as the Hatch Act, by providing effective protection from political coercion to all public employees, while at the same time permitting a measure of political freedom heretofore denied our civil servants.

Let me take just a minute and describe the Commission on Political Activity and the mandate under which it operated. It was established by Congress in October 1966, and directed to "make a full and complete investigation and study of the Federal laws which limit or discourage the participation of Federal and State officers and employees in political activity with a view to determining the effect of such laws, the need for their revision or elimination, and an appraisal of the extent to which undesirable results might accrue from their repeal."

The Commission carried out its mandate, Mr. President. The distinguished junior senator from California [Mr. MURPHY] and I had the honor of serving with the other commissioners in all phases of the work. The other commissioners were able and informed citizens. Dr. Arthur Flemming, a former member of the Civil Service Commission, Secretary of Health, Education, and Welfare, and now president of the University of Oregon, served as chairman. Congressmen NELSEN, of Minnesota, and OLSEN, of Montana, were members. Mr. Robert Ramspeck and Mr. Roger Jones, both former chairmen of the Civil Service Commission, served on the commission, as did two distinguished political scientists, Prof. Austin Ranney, of the University of Wisconsin, and Prof. Charles Jones of the University of Ari-

zona. Mr. Frank Pace, Jr., former Director of the Budget Bureau and Secretary of the Army; Assistant Attorney General Frank Wozencraft; and Dr. Malcolm Moos, president of the University of Minnesota; all participated in the work of the Commission. It was bipartisan, it was knowledgeable, it was hard-working, and its report merits serious consideration.

Mr. President, I cannot improve on the commission's own language when it comes to stating the problem to be resolved. Let me quote briefly from volume 1 of the commission's report:

The overriding problem confronting this commission was to accommodate and reconcile two vitally important, but sometimes competing objectives.

On the one hand, in our democratic society it is important to encourage the participation of as many citizens as possible in the political processes which shape our Government.

All citizens must have a voice in the affairs of government.

On the other hand, it is equally important to assure integrity in the administration of governmental affairs and development of an impartial civil service free from partisan politics.

In attempting to accommodate both of these important principles to a maximum degree, the commission recognized that any restrictions on the freedom of government employees to engage in political activity must be consistent with the rights of free speech and association guaranteed to all persons by the Constitution. At the same time, it recognized that protection against coercion and official pressure is essential if the government is to succeed in attracting and retaining capable, dedicated, and impartial employees.

In the opinion of this commission, the best protection that the government can provide for its personnel is to prohibit those activities that tend to corrode a career system based on merit. This requires strong sanctions against coercion. It also requires some limits on the role of the government employee in politics. It was the unanimous view of the commission members, however, that these limits should be clearly and specifically expressed, and that beyond those limits political participation should be permitted as fully as for all other citizens.

Mr. President, I submit that the bill I introduce today accommodates those competing aims as equitably as humanly possible. To assure itself of this, the Commission undertook a nationwide study of Federal employee attitudes in the political area. That study, done for the Commission by the survey research center at the University of Michigan, was the first attempt ever made to determine just how Federal employees really feel about political activity. I want to discuss that survey in more detail later, but let me list some of the other research the Commission did in assuring itself that all opinion was fully considered.

It held public hearings in six cities across the country; conducted a mail survey of all State political party chairmen and nearly 500 county party chairmen; conducted a case study of State employee opinion and attitudes in four States; analyzed all prosecutions brought under the Hatch Act; performed a comparative analysis of the political activity restrictions in all 50 States and in the major industrial nations of the world; and it solicited statements from Federal and State officials, community leaders, union officers, Congressmen, legislators,

civic organizations, and businessmen. In short, the Commission sought facts from every source which might reasonably be expected to yield pertinent information on the effect the Hatch Act has had on American life over the past 29 years. The Commission's proposed legislation was drafted accordingly.

Mr. President, let me now list the 10 recommendations made by the commission on political activity, and very briefly discuss the reasons for and implications of each.

Recommendation I.—Public employees should be permitted to express their opinions freely in private and in public on any political subject or candidate.

One of this country's proudest traditions is that of free speech; yet under the present law, nearly 5 million public employees, Federal, State, and local, are prohibited, under pain of dismissal, from publicly expressing their views, even to friends and neighbors, about any partisan political issue or candidate. The research done by the commission indicates clearly that, as a group, public employees are both interested in and well informed about public issues. Their voices should also be added to the public debate. To deny them that voice is to deny the public generally of the collective wisdom and experience of nearly one-twelfth the total electorate. This free nation cannot afford such a muzzle.

Recommendation II.—The law regulating political activity of Government personnel should specify in readily understandable terms those political activities which are prohibited, and specifically permit all others.

Mr. President, this is one of the most basic recommendations the Commission makes. The present law incorporates, by reference, all Civil Service Commission rulings and decisions since 1907. The effect has been to establish a lengthy series of administrative definition of "permitted" and "prohibited" activities. From this lengthy list of "do's and don'ts" stretching back 60 years, an employee must determine where he stands if he wants to do almost anything politically, other than vote. The Commission's survey of Federal employees disclosed that not a single respondent was able to answer correctly 10 simple questions about permitted and prohibited activities. No one got more than eight correct answers, and only 35.8 percent of the employees questioned got more than five out of the 10.

No matter what changes may be made in the substance of the law, it is, in my judgment, imperative that the law be stated in terms of specific prohibitions, easily understandable by all.

Recommendation III.—The distinction between local political offices which can be campaigned for and held by Federal employees, and those which cannot, should be based on the nature of the office itself, without reference to a "partisan" or "nonpartisan" distinction or to the geographic area where the employee lives.

The removal of the "nonpartisan" distinction which exists in the present law was one of the two issues upon which the Commission was not unanimous. A substantial majority, however, agreed that the "nonpartisan" distinction was a fiction. We believe that, in reality, there is no such thing as a nonpartisan cam-

paign or nonpartisan election. One need only look at the counties surrounding Washington to see "nonpartisan" candidates competing in partisan elections. If we are to prohibit public employees from running for certain offices, we should do so because of the nature of the office and not because of the label on the ballot.

Recommendation IV.—At the Federal level, the U.S. Civil Service Commission should have the sole responsibility for enforcement. And its jurisdiction should be extended to cover not only merit system employees, but also excepted employees over whom the employing agency presently has enforcement jurisdiction.

This is another simple, yet essential change. At present, virtually every Federal agency is involved in enforcing the Hatch Act for certain of its employees, while the Civil Service Commission is charged with enforcement for the balance of the employees. This results in uneven enforcement and inevitably gross inequities.

For example, a schedule C employee in an administrative position in a department may request, or even require a lower level employee in the competitive service to undertake some political task—selling dinner tickets is a familiar illustration. If the two employees are discovered in their violation, the lower level employee is disciplined by the Civil Service Commission—and will be at least suspended, if not dismissed—while the schedule C employee will be disciplined by the Secretary of the department. Occasionally, Mr. President, that discipline is not forthcoming. The employee who was coerced into performing the prohibited act is punished, while the basic offender continues without even a reprimand. There are, unfortunately, indications that the illustration I have cited does occur. The adoption of this recommendation will confer an additional protection against coercion upon the rank-and-file Federal employee by serving as a deterrent to those excepted employees who may, on occasion, be tempted to take advantage of their positions.

Recommendation V.—Enforcement of the act should be strengthened and made more flexible by adding to the present criminal penalties administrative sanctions and procedures. These should be designed to insure timely investigation and adjudication of complaints, while preserving adequate protection for persons charged with violations of the law.

Adoption of this recommendation will also lead to further protection of public employees from coercion and pressure to perform political acts against their wills.

Although the evidence of coercion established by the survey is not substantial, the Commission believed that any evidence of coercion is a serious matter. We felt, therefore, that the existence of effective administrative sanctions against coercion would protect Federal employees more effectively.

Three provisions of the Hatch Act relate specifically to the problem of coercion. Both the Federal-related and State-related provisions prohibit the use of "official authority or influence for the purpose of interfering with the result of an election." There is an additional provision applicable only to State and local employees which prohibits coercion for

political purposes. Another prohibition applicable only to Federal employees provides that they "may not request or receive from, or give to, an employee, a Member of Congress, or an officer of a uniformed service a thing of value for political purposes."

Other sections give the President authority to prescribe rules prohibiting coercion and involuntary political contributions.

These provisions should be made equally applicable to Federal, State, and local employees. The language needs to be clarified to eliminate vagueness. Moreover, convictions have been rare under the provisions of the criminal code involving intimidation, coercion, and improper use of Government funds since their passage in 1939.

The Commission was persuaded that adequate administrative procedures and sanctions are essential, even though the criminal provisions remain. New provisions will encourage reporting of violations, allow greater dispatch in processing cases and complaints, and permit more equitable enforcement by the Civil Service Commission through administrative sanctions. This will not only strengthen the law but make it more flexible:

Recommendation VI.—At the State level, employees administering programs financed by Federal funds should be subject to the same prohibitions against political coercion, abuse of official authority, fundraising and campaigning for Federal office which apply to Federal employees.

Recommendation VII.—The several States should be encouraged to develop systems for controlling political activities which are comparable to the system prescribed by Federal law. With the approval of the U.S. Civil Service Commission, those States which develop such a system would have the responsibility for enforcement of all political activity restrictions applicable to State employees within that jurisdiction, including those working on programs financed by Federal funds.

Both these recommendations treat with State and local employees working on projects funded with Federal money. Over 1.75 million such employees are currently covered by the Hatch Act. While there is little doubt of the legality of such regulation, the Commission questioned the wisdom of Federal regulation of State and local employees. And so the proposed bill provides a device for permitting States to adopt rules and regulations which, while meeting a certain standard, would be enforced by the States. In the absence of such regulations, however, the civil service would apply the Federal law, as is now the case:

Recommendation VIII.—The U.S. Civil Service Commission should study and report on the feasibility of establishing a plan of voluntary political contributions patterned after similar programs in private industry.

Recommendation IX.—The U.S. Civil Service Commission should study and report on the feasibility of establishing a new office of employees' counsel within the Civil Service Commission to which individual Federal employees can report instances of political coercion, intimidation, misuse of official authority, and other alleged violations of the law.

These recommendations are directed toward vital areas the Commission did not have time to explore fully. But I be-

lieve the Civil Service Commission should be directed to study and consider a procedure, within the Federal establishment, for voluntary political contributions. The practice in private industry is increasing and seems to have the wholehearted support of employees, management, political parties, and the public generally.

As to possible additional protection for employees, the Commission felt that a single, specific office within the Civil Service Commission might be established to receive reports of political coercion or other violations of the law. This new office would clearly be oriented toward the protection of rank-and-file employees—in effect, an “ombudsman” for Federal employees.

Recommendation X.—Up to \$1 million should be appropriated annually for enforcement of the law, in contrast to the \$100,000 or less appropriated annually since 1939.

This recommendation is essential. We cannot expect the Civil Service Commission to enforce the law with the resources we have, in the past, made available. The appropriations have not been adequate even to inform employees about the law, let alone enforce it. An appropriation of \$1 million would provide about 21 cents per employee.

One final point should be made. The Commission members divided evenly on the matter of public employee participation as ward or precinct committeemen and committeewomen. Alternative language was provided which would, as the Congress decides, permit or deny that privilege. The bill I introduce today necessarily states but one of the alternatives. It would permit such service as ward or precinct committeemen.

Mr. President, let me say again that the recommendations of the Commission on Political Activity of Government Personnel are the result of months of dedicated work by a distinguished Commission. I am honored to have been associated with the Commission and I wholeheartedly urge the fullest possible discussion and debate on the legislation it recommends.

Mr. President, I ask unanimous consent to insert following my remarks a brief summary of the major provisions of the bill I have introduced.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the summary will be printed in the RECORD.

The bill (S. 3256) to provide for the regulation of political activities of public employees, and for other purposes, introduced by Mr. BREWSTER, was received, read twice by its title, and referred to the Committee on Rules and Administration.

The summary, presented by Mr. BREWSTER, is as follows:

POLICY AND PURPOSE

In its first section, the draft bill sets forth important, and sometimes competing, aims which it is necessary to reconcile to the maximum degree possible. One is the need to prevent exploitation of public employees for political ends, to preserve the integrity and efficiency of the public service, and to insure the impartial administration of the public business. In order to achieve these objectives the bill would expressly define the limits of

permissible political activities for Federal employees and employees of States and local agencies whose activities are financed in whole or in part by Federal grants or loans. On the other hand, the bill would also reflect the intention and policy of Congress that any restriction on the lawful political activities of public employees must be consistent with first amendment rights, and that all rights of political participation, not barred by the bill or other Federal or State laws, shall be encouraged.

COVERAGE

The bill adjusts the coverage of the existing law to deal more effectively with contemporary conditions and to achieve the basic purposes of the law.

(a) The bill expressly excludes the President and Vice President from its coverage.

(b) All other high officials in the executive branch of the Federal Government, although subject to provisions prohibiting coercion, abuse of official authority, and undue influence for designated political purposes, are expressly exempted from restrictions on taking an active part in political management or in political campaigns.

This exemption would apply also (except for members of the U.S. Civil Service Commission) to members of an independent commission, board, or establishment, the Commissioner of the District of Columbia, the Assistant to the Commissioner, and members of the District Council.

The exemption would, moreover, apply to persons on leave without pay for 1 year or more. Under this exemption officers of employee labor unions would be permitted to engage in political activity while on leave to serve their union.

PERMISSIBLE ACTIVITIES

Present Hatch Act delineation of proscribed noncorrupt political activity is obscure and not readily the subject of reference, since it incorporates rules and regulations adopted by the Civil Service Commission prior to 1940.

The bill takes an entirely different tack, spelling out what activities are permitted, and what are barred. For example, it makes clear that government employees may speak freely in public on any political issue or candidate. It permits “active” participation in the affairs of a political party except as prohibited. An employee who is a member of a political organization would be permitted to make motions, prepare or assist in preparing resolutions, serve on committees and the like. Most important, the Federal employee would be permitted to become a candidate for and serve in a local office, to be discussed more fully hereafter.

PROHIBITED ACTIVITIES

(a) (b) The bill takes over and incorporates, for administrative enforcement by the Civil Service Commission, major provisions from the criminal statutes designed to protect Federal employees from corrupt political pressures. These would apply to all officials and employees of the executive branch except, as noted, the President and Vice President. This change would permit more serious cases, such as those involving coercion, to be handled administratively without delay. If, however, a matter warrants criminal prosecution, such action would not be precluded.

POLITICAL MANAGEMENT AND POLITICAL CAMPAIGNS

(c) The bill would clearly prohibit certain political activities which have been the particular object of abuse and public criticism. Among such activities prohibited are these:

- (1) partisan political fundraising at any level;
- (2) engaging in political activity while on duty or on government property;
- (3) becoming a candidate or campaigning for or holding an office of the United States, a State, or other office except a “local office” (discussed below);

(4) managing a campaign for a candidate seeking such an office;

(5) acting as any polling place as an official recorder, checker, watcher or challenger;

(6) serving as an officer in a political organization such as chairman, vice-chairman, or treasurer of any National, State, county or city political party.

CANDIDACY FOR LOCAL OFFICE

Under the present statute, Government employees are permitted to engage in political management and political campaigns on a nonpartisan basis in nonpartisan elections. In addition, the Civil Service Commission is authorized by regulation to permit Government employees residing in certain municipalities near the District of Columbia and in other communities where there are concentrated large numbers of Federal employees to be candidates for, and to hold, local office in those municipalities. This preferential treatment, which enables merely a very limited number of Federal employees to engage in partisan political activities, has been the subject of severe criticism.

The bill would wipe out these inequalities and extend to Federal employees the right to hold local office on a nationwide basis without regard to whether the election is nonpartisan or partisan. At the same time, however, the bill includes a number of safeguards so that Federal employees may run for and hold local office with the minimum risk to the proper administration of the Federal business.

PENALTIES

Under present law, removal is required for any violations in Federal cases, unless the Civil Service Commission votes unanimously against removal. In the event of the vote against removal, however, the Commission is presently required to impose a minimum penalty of 30 days' suspension. This minimum penalty must be applied uniformly without regard to the character of the offense involved. This requires a harsh penalty even for minor and technical violations.

The bill is aimed at assuring full and effective enforcement of the law without penalizing an employee by a sanction which is out of proportion to the offense. It would vest discretion in the Civil Service Commission to impose penalties, depending upon the gravity of the offense, ranging from simple reprimands to removal. The bill would also broaden the discretion of the Civil Service Commission to ban reemployment of the offending employee in any Federal agency for a period to be determined by it. The bill requires unanimous Commission approval where the penalty is dismissal.

INVESTIGATION AND HEARINGS

Generally, the bill would clarify, specify, and expand the authority of the Civil Service Commission to investigate charges of violation and to hold hearings thereon. Presently, the CSC maintains authority for enforcement solely as to merit system employees; the authority for enforcement as to excepted service employees is a matter for the employing agency. The bill would centralize the administration and enforcement functions in the CSC. The provisions of the Administrative Procedures Act have been carried over in many respects to govern the conduct of hearings where employees are charged with a violation, but the bill includes additional features tailored to process a case. The bill would require a final decision by the Commission within 60 days after the date upon which the record was submitted to it for final decision. Such time could, however, be extended by the Commission upon good cause shown and stated in writing.

Although the Commission has authority to issue subpoenas in State cases, it presently has no corresponding authority in Federal cases. The bill would fill this gap, and in addition give the Commission authority to grant immunity from prosecution after the witness first claims his privilege against self-incrimination.

POLITICAL ACTIVITIES OF CERTAIN STATE AND LOCAL EMPLOYEES

In recognition of the proper relationship which should prevail between the Federal Government and the States, the Commission concluded that there should be no greater Federal control over political activities by State and local employees than is essential to assure honest and efficient administration of Federal funds. This accounts for several distinctions made in the bill between the regulation of political activities of Federal employees and those of State and local employees. For the purpose of convenience, the provisions relating to State and local employees have generally been placed in a separate subchapter even though many of these provisions are the same for both Federal and State employees.

The bill treats top-level State and local administrators and officials in the same way comparable Federal officials are treated. Unless the State is, by delegation of authority from the U.S. Civil Service Commission, authorized to administer its own enforcement program, the Commission would enforce at the State and local levels the provisions forbidding coercion, solicitation, illegal payment and other more serious prohibited activities. The bill gives greater latitude to State and local employees in campaigning activity and in holding State or local office.

Under current law, Federal agencies may withhold from a grant to a State an amount equivalent to 2 years' annual salary of the offending employee for noncompliance by the State in disciplining the employee. The bill would require that an amount equivalent to 25 times the annual salary of the employee be withheld from the State where the penalty is dismissal, and an amount equivalent to 10 times the annual salary of an employee who should have been suspended.

The bill also provides that Federal administration under the act should pass to the States upon their adoption of a plan which is approved by the Commission and meets specified standards laid down in the bill. Approval could be withdrawn, subject to judicial review, if the Commission, after a hearing, concluded that the plan had been materially changed, or that in the administration of the plan, there was a failure to comply.

MISCELLANEOUS

There are four other matters in the bill which merit attention. One deals with the feasibility of establishing within the Federal executive branch, under the supervision of the Commission, a plan for voluntary contributions to political parties and candidates.

The second deals with the feasibility of establishing within the Commission an Office of Employees' Counsel. The function of this office would be to receive complaints from Federal employees, make investigations and initial determinations as to the validity of the complaint, and make recommendations for remedy or redress.

The bill would authorize the CSC to make a study of both these proposals and to report on them to the President for transmittal to Congress within 1 year from the date of enactment of the act.

Third, the bill would authorize as an appropriation a sum not to exceed \$1 million per year. Presently the CSC is limited to spending an amount not to exceed \$100,000 to enforce the Hatch Act. This restriction, first imposed in 1941, is of course grossly inadequate in 1967.

Fourth, the bill directs the Secretary of Defense to promulgate rules and regulations with respect to political activities of personnel in the Armed Forces.

ADDITIONAL COSPONSOR OF JOINT RESOLUTION

Mr. BYRD of West Virginia, Mr. President, on behalf of the Senator from North Carolina [Mr. ERVIN] I ask unani-

mous consent that, at its next printing, the name of the Senator from Idaho [Mr. CHURCH] be added as a cosponsor of the joint resolution (S.J. Res. 150) to designate the month of May 1968 as "National Arthritis Month."

The PRESIDENT pro tempore. Without objection, it is so ordered.

CONCURRENT RESOLUTION

TO PRINT ADDITIONAL HEARINGS ON AMENDMENTS TO THE FEDERAL FIREARMS ACT

Mr. EASTLAND submitted the following concurrent resolution (S. Con. Res. 68); which was referred to the Committee on Rules and Administration:

S. CON. RES. 68

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on the Judiciary four thousand additional copies of the hearings before its Subcommittee to Investigate Juvenile Delinquency during the Ninetieth Congress, first session, on proposed amendments to the Federal Firearms Act.

UNLAWFUL SEIZURE OF U.S. FISHING VESSELS BY FOREIGN COUNTRIES—AMENDMENT

AMENDMENT NO. 678

Mr. KUCHEL (for himself, Mr. MAGNUSON, and Mr. BARTLETT) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 2269) to amend the act of August 27, 1954, relative to the unlawful seizure of fishing vessels of the United States by foreign countries, which was ordered to lie on the table and to be printed.

NATIONAL MANPOWER ACT OF 1968—AMENDMENT

AMENDMENT NO. 679

Mr. JAVITS (for himself, Mr. PROUTY, Mr. ALLOTT, Mr. BROOKE, Mr. CASE, Mr. HANSEN, Mr. HATFIELD, Mr. KUCHEL, Mr. MORTON, Mr. PEARSON, Mr. PERCY, Mr. SCOTT, and Mr. COOPER) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 3249) to provide a comprehensive national manpower policy, to improve the Manpower Development and Training Act of 1962, to authorize a community service employment program, and for other purposes, which was referred to the Committee on Labor and Public Welfare and ordered to be printed.

(See reference to the above amendment when submitted by Mr. JAVITS, which appears under a separate heading.)

TAX ADJUSTMENT ACT OF 1968—AMENDMENT

AMENDMENT NO. 680

Mr. CLARK submitted an amendment, intended to be proposed by him, to the amendment (No. 637) intended to be proposed by Mr. JAVITS to the bill (H.R. 15414) to continue the existing excise rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 681

Mr. LONG of Louisiana submitted an amendment, intended to be proposed by him, to the amendment (No. 662) proposed by Mr. WILLIAMS of Delaware (for himself and Mr. SMATHERS) to House bill 15414, supra, which was ordered to lie on the table and to be printed.

(See reference to the above amendment when submitted by Mr. LONG of Louisiana, which appears under a separate heading.)

FEDERAL TRADE COMMISSION FINDS CONSUMER CREDIT EXPLOITS THE POOR—NOTICE OF HEARING

Mr. PROXMIRE, Mr. President, recently the Federal Trade Commission has published a comprehensive and well-documented study which shows that the poor are being charged substantially higher prices on consumer credit transactions. The study of the Federal Trade Commission shows that the poor pay approximately 60 percent more for identical merchandise. Much of this increased markup is actually a hidden finance charge. Those stores selling primarily to the poor sold about 93 percent of their merchandise on credit, whereas, the ordinary retailer sells only 27 percent of his merchandise on credit.

I believe that the findings of the Federal Trade Commission have national implications. I would be particularly interested in determining whether the truth-in-lending bill will be adequate to deal with the special consumer credit problems of the poor. It may very well be that the disclosure approach which is implicit in the truth-in-lending bill may have to be supplemented by additional measures to insure that lower income consumers are adequately protected.

For these reasons the Subcommittee on Financial Institutions will conduct a 1-day general hearing on the FTC report with special attention given to its national implications on credit practices and whether additional Federal legislation would be desirable.

The hearing will take place on April 19 at 10 a.m. in Room 5302, New Senate Office Building. Questions on this hearing should be directed to Mr. Kenneth McLean, room 5306, New Senate Office Building.

INSURANCE ON SAVINGS AND LOAN ACCOUNTS AND BANK DEPOSITS OF PUBLIC UNITS—NOTICE OF HEARINGS

Mr. PROXMIRE, Mr. President, the hearings on S. 2959, to increase the insurance on savings and loan accounts and bank deposits of public units, which had been previously scheduled for April 3, have been rescheduled to April 18. The Subcommittee on Financial Institutions will hold hearings on S. 2959 on April 18, in room 5302, New Senate Office Building beginning at 10 a.m. Persons desiring to testify on this bill should contact Mr. Kenneth McLean, room 5306, New Senate Office Building.

NOTICE OF HEARING ON S. 1351

Mr. TYDINGS, Mr. President, as chairman of the Senate Judiciary Commit-

tee's Subcommittee on Improvements in Judicial Machinery, I wish to announce a hearing for the consideration of S. 1351. This bill would provide for the payment of reasonable costs, expenses, and attorneys' fees to defendants in actions by the United States for the condemnation of real property after determination of the amount of just compensation, or after abandonment of such actions by the United States, and for other purposes.

The hearing will be held on April 5, 1968, at 11 a.m., in the District of Columbia hearing room, 6226, New Senate Office Building.

Any person who wishes to testify or submit a statement for inclusion in the record should communicate as soon as possible with the Subcommittee on Improvements in Judicial Machinery, room 6306, New Senate Office Building.

THE MIDDLE EAST

Mr. MURPHY. Mr. President, last Sunday, March 24, our Government committed what I fear history will record as an historic error when the U.S. delegation to the United Nations supported a Security Council resolution dealing with the recent outbreak of violence in the Middle East. This resolution "condemns" Israel for its single reprisal raid against a guerrilla camp in Jordan, but it merely "deplores" acts of violence against Israel which precipitated her action.

The United Nations resolution carefully avoids any mention of Arab guerrillas, the FATAH, or of any Arab country by name. Only Israel is singled out by name, and only her actions are condemned.

This action against Israel seems to me most unfair, and I believe the American people must share my disappointment that the administration would lend its support to the United Nations resolution.

Unfortunately, this is not the first time the present administration has participated in such an ill-conceived and one-sided policy. In April 1962, the United Nations passed a similar censure resolution, again condemning only Israel, this time for retaliatory action she had taken against border attacks by Syria. That resolution was not only supported by the United States, but also, it was actually introduced by our Nation's Ambassador to the United Nations.

Nor should we forget that in June 1967, when Israel was fighting for her life in the Mideast war, the State Department announced that the United States was "neutral in thought, word, and deed." Later, the Secretary of State tried to explain away this unfortunate statement by saying that it should not be interpreted as a formal declaration of neutrality, which only served to confuse matters further.

Our Nation and our people have traditionally supported eagerly and generously the development of the State of Israel. We have strong emotional ties with that small but vigorous nation, and I believe that our people should and want to continue their support. It therefore seems very strange that our administration should participate in action against Israel which represents a reversal of our traditional policy of support and which

does not reflect the prevailing sentiments of the American people.

This indecisive, vacillating, and unpredictable policy of our State Department not only is disturbing to me and to our friends in the Middle East, but also, it could easily mislead our enemies. Once again our policy has helped create an atmosphere which entices the Soviets and other troublemakers to aggravate further the already troubled conditions in the Middle East.

Mr. President, I believe our country needs firm, decisive, credible and consistent leadership in dealing with this situation—and above all we need policies which accurately reflect the feelings of the American people and our traditional friendship for Israel.

Mr. SCOTT. Mr. President, it seems to me highly regrettable, but true, that the action taken by the United Nations last Sunday with respect to the Middle East actually leaves us farther than before from our overall objective of a long-range and lasting peace in that area.

Increased tensions and danger of hostilities can be the only result from the interpretation being given to the resolution by France, Morocco, and Arab countries generally. Their representatives are taking the position that the guerrillas, euphemistically identified as "freedom fighters" and "independence fighters," were not involved in any culpable acts. The resolution, therefore, while censuring Israel for her retaliatory raids excuses or at least minimizes other acts of violence in the area.

Certainly the cease fire resolution adopted in June of 1967 did not contemplate the continuing and condoning of such war-like acts by the Arab terrorists. The failure of last week's resolution to pinpoint and to censure these acts of violence and terror can only be detrimental to all efforts to establish permanent peace and stability in the Mideast.

VIETNAM: AN EVALUATION OF THE TET OFFENSIVE

Mr. LONG of Louisiana. Mr. President, in the Washington Post of yesterday there appeared an article by Mr. Joseph Alsop, pointing out certain facts with which Americans would do well to acquaint themselves.

One point he made was that the Tet offensive of the North Vietnamese and the Vietcong actually involved disastrous losses for the enemy. In fact, due to the way it was planned, with the emphasis on security, the losses were much greater than they would have been had the enemy been willing to sacrifice some of his security to better military planning. So, contrary to the statements we have heard by certain dovish advocates of a policy of defeat and retreat in Vietnam, the enemy suffered horrible, devastating losses.

For example, as Mr. Alsop pointed out, the losses suffered by the enemy, if suffered by American troops—on the basis of a comparison of population—would have been equivalent to the loss of 500,000 men, which is more than this Nation has lost in any war.

Therefore, these horrible losses of the

enemy in a single offensive in effect move us nearer to victory, if this Nation merely has the courage that it has had in all previous war situations, to persevere and to press forward to our ultimate objective.

Furthermore, Mr. President, the article well points out the great disservice that some people do their country when they speak in disparaging terms of a friendly power, the Government of South Vietnam, and when people disparage what is a courageous effort being made by the troops of South Vietnam, side by side with the American troops, to maintain the independence of their country and to defeat the spread of communism in the area.

Mr. Alsop quotes General Westmoreland as saying that it would seem that the enemy, having suffered these horrible losses, must have thought the American press was in conspiracy to trap the Communists—that the press might have been in conspiracy with some power to lure the Communists into the disastrous defeat they suffered—by suggesting that the South Vietnamese would not fight; because in one instance a completely stupid and ridiculous suicidal attack was made by the North Vietnamese marching their troops out into the open, into a South Vietnamese unit, which practically decimated the enemy.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may proceed for 3 additional minutes.

The PRESIDING OFFICER (Mr. Nelson in the chair). Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, General Westmoreland inferred ironically that the error portrayed by some elements of the American press apparently had fooled even the Vietcong, in addition to the American people, into thinking our courageous allies were not worthy and were not capable of the great feat they performed here and elsewhere.

We have evidence in this instance, as in many other instances, that the South Vietnamese are steadily improving, just as the South Koreans improved when they were confronted with aggression from North Korea.

Mr. President, given the right support and help the South Vietnamese will be able to defend and support their country without as much dependence on the United States.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. MURPHY. Mr. President, I am pleased that the Senator from Louisiana has raised this point.

One of the matters of the utmost concern to the military, as well as representatives of the Department of State, that I found when I visited South Vietnam, was, first of all, the distortions in the stories that came out as compared with the actual facts. Also of great concern was the fact that the emphasis seemed always to be placed on the negative side of what we were not doing rather than on the positive side of what we were accomplishing.

It has been known for some time that

the North Vietnamese realize and have known for a long time they cannot win a military victory. Their only hope—and this has been well known—is to defeat the desire of the American people at home. They were able to do this with the French. The French did not lose in South Vietnam; they lost in Paris.

The hope of the North Vietnamese Communists for a long time has been to divide American opinion. Statements have been made in this Chamber that have been picked up and used as Communist propaganda, and taken from captured Vietcong soldiers. That has been going on for some time. I have told some of my colleagues who made these statements about this practice. I know they have no intention of being of help or service to the enemy. However, this is the fact of the matter.

With respect to the losses which the Senator mentioned, the Vietcong did suffer a tremendous and powerful loss. I am pleased to say I have information, regardless of what may be said to the contrary, that we will and can win the war. It is my sincere hope that we will do it as quickly as possible, that we will get the war over with, and get our boys home.

I congratulate the Senator for his statement.

Mr. LONG of Louisiana. I thank the Senator.

Mr. DOMINICK. Mr. President, will the Senator yield for a comment?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the morning hour be continued until 11:30 a.m. I do not see the Senator from South Dakota in the Chamber.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

Mr. DOMINICK. I thank the Senator from Louisiana.

Mr. President, I wish to add my words of endorsement to the statement of the Senator from California [Mr. MURPHY] with respect to our action in the United Nations in connection with Israel.

I recently returned from a meeting of the so-called Ditchley Conference in Ditchley, England, where I was the chairman of the meeting on behalf of the American delegation.

We discussed the Middle East problem with our counterparts in the House of Lords and those in industry in England. It became perfectly apparent that part of our problem was their belief that we had intervened on behalf of Israel during the June war. The fact is that we did very little and we left the fighting almost entirely to Israel.

We found ourselves in the position where we were damned by both sides without having intervened in any effective way in assisting with the solution to the problems in that very chaotic and tumultuous area.

Now we find ourselves taking the position of supporting the resolution in the United Nations where we condemn only Israel. It seems to me that this does not help us in our relationship with the one free nation that there may be in that area, and it is not going to gain us friendship with the Arabs. In addition, we are not being accurate with respect to what is happening in connection with

attacks on Israel by guerrillas operating out of Syria and Jordan.

I think we made a serious mistake in our overall international position by taking the position of the Arabs and condemning Israel for a perfectly natural reaction that they had when their people were being murdered every day by guerrillas operating across the boundary line.

I think the Senator from California has brought up an extremely important point. I associate myself with him and I hope this colloquy gives rise to the State Department looking at the matter once again.

We all recognize that there are 200 million Arabs and they have many economic resources. However, with the British withdrawal from the Middle East—which I suspect will be earlier than 1971, the set date—we are not taking a position that would improve the military stability in that area. We find ourselves taking a position which seems to deteriorate our position with the one base we have in that area. It seems to be the height of futility in international relations.

I fear there is good reason to ask if, in its preoccupation with problems in Southeast Asia, the Johnson administration is not ignoring or slighting critical situations in other parts of the world—areas which may in fact have more long-range significance to the interests of our country than does Southeast Asia.

The Middle East is one such area where the lack of a clearly defined and positive policy is evident. It seems incredible that the present administration could continue to overlook the terrible dangers of increasing Soviet penetration in the Mideast. There is reason to fear that the administration is basing its policies there on what it hopes are Soviet good intentions rather than what anyone can plainly see are her expansive designs and capabilities.

Premier Kosygin in a recent Life magazine interview laid great stress on the importance of the Middle East, and massive Soviet arms shipments to the area underscore their designs on that area. In view of this, how can the administration stand idly by, apparently waiting in vain for some sign that the Soviets will cooperate with us in seeking to pacify the Middle East?

It seems unfortunately necessary to ask whether this administration might attempt to play down the seriousness of the Middle East crisis during this election year, just as it played down the seriousness of Vietnam during the last presidential election year. We can all recall that while campaigning in 1964, President Johnson stated:

Some others are eager to enlarge the conflict. They call upon us to supply American boys to do the job that Asian boys should do. They ask us to take reckless action which might risk the lives of millions.

We don't want our American boys to do the fighting for Asian boys. We don't want to get involved in a nation with 700 million people and get tied down in a land war in Asia.

Now, more than 500,000 men are committed in Vietnam and the war is costing us over \$30 billion a year. We must not, in 1968, underestimate the seriousness of the Middle East crisis and then be forced, after the election, to employ

desperate measures to make up for lost time.

I believe America can and must do something about the deteriorating Middle East situation—and do it now. We need not intervene with forces, but we can enunciate a firm and decisive policy in support of our traditional friends and of basic principles of justice. By doing so the likelihood of our having to intervene later will be greatly diminished.

We must not let politics get in the way of a sensible and firm American policy in the Mideast.

I express my congratulations to the Senator from California for presenting this matter. I thank the Senator from Louisiana for yielding.

Mr. LONG of Louisiana. I thank the Senator. Mr. President, I wish to point out that the newspapers have recently quoted a statement by General Eisenhower, which I believe some of us have waited too long to say, that those who have been speaking against our friend and ally and giving unjustified aid and comfort to our enemy should be exposed for doing exactly that. General Eisenhower made it crystal clear in the statement he made, and it is a very strong statement.

Mr. President, I have before me another article in connection with the Democratic primaries, which is entitled "McCarthy Won't Join R. F. K. in 'Rule or Ruin' Campaign."

In my judgment I feel confident President Johnson will be renominated by his party.

If the Democratic Party should choose the course of retreat, defeat, and weakness in the face of the Communists, and accept defeat as the answer when we have not been defeated in a single major battle in the war, I think a candidate running on that platform would be ignominiously defeated. Not only would he be overwhelmed by an enormous vote by the Republican voters staying with their party but also a tremendous number of Democrats would vote for the type position General Eisenhower has stated in his article, which I believe will be represented by both major party candidates, the old-fashioned type patriotism and loyalty to our commitments that America has known in the past.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. AIKEN. Mr. President, I hope the Senator realizes, as many of us realize now, that when General Eisenhower was President he had very capable advisers; and that is one reason why the Nation was at peace with the world and enjoyed a generous prosperity during the entire 8 years.

Mr. LONG of Louisiana. I do not care to invoke any partisanship at all in the matter. I do applaud General Eisenhower. There are many, many loyal and great Democrats, who have not sought to gain an advantage on an issue where we should stand together. When we are in a war, we should back our country and give our loyalty 100 percent. We should not quarrel among ourselves as to how we got into the war and criticize ourselves for fear we might suffer some defeat or

that there might be some danger in pursuing the matter to an ultimate victory.

Mr. President, I ask unanimous consent to have printed in the *RECORD* the article entitled "Kennedy's Viet Defeatism Contradicts Facts of War," and the article entitled "McCarthy Won't Join R. F. K. in 'Rule or Ruin' Campaign."

There being no objection, the articles were ordered to be printed in the *RECORD*, as follows:

[From the Washington Post]

KENNEDY'S VIET DEFEATISM CONTRADICTS FACTS OF WAR

(By Joseph Alsop)

SAIGON.—Gen. Westmoreland has been replaced at a moment when a shameful, humiliating and quite irrational defeatism prevails at home, typified by Sen. Robert F. Kennedy's talk of a war without end.

Yet the facts—above all, the facts concerning the enemy's Tet offensive—point in just the opposite direction.

To begin with, after touching every useful base, this reporter can state unequivocally that no seriously informed person in Saigon doubts that the Tet offensive was a play from weakness rather than from strength. Hanoi concluded that Gen. William C. Westmoreland was winning his "war of attrition." Hanoi therefore decided to go all out for short-range success.

The "general offensive" not only failed to produce the expected "general uprising." Its cost to the enemy, if calculated in American terms (as it must be comprehensible), was almost too terrible to contemplate.

Including the VC-controlled areas in the South, Hanoi's population base is about one-tenth of ours. With this population base, in the seven weeks from Jan. 28 to March 16, the enemy lost over 55,000 men, not to mention more than 20,500 weapons.

In human terms, this is exactly equivalent to the loss of more than half a million Americans in seven short weeks. The slow task of interrogating the many, many hundreds of prisoners of war has also progressed, by now, to the point where one can say with certainty that a heavy majority of the losses came from the groups most valuable to the enemy.

The story has been put about that the enemy made heavy use of untrained men and press-ganged children; and these groups, least well able to take care of themselves, are obviously overrepresented in the POW samples. Yet two-thirds or more of the large samples already collected are composed of trained soldiers of the normal military.

Any desperate surprise attack, conducted with such ruthless indifference to human life, is bound to do much damage. Much damage accordingly was done. The worst was the setback to the Allied effort in the countryside. But as each day passes, it becomes clearer and clearer that any Allied setback was a fleabite compared to the disaster for the enemy.

The question therefore quite insistently arises, why the enemy made so terrible a miscalculation. There are several reasons. To begin with, as Gen. Westmoreland has put it, he "sacrificed execution to security." In other words, only a single man in each battalion, generally the commander or political officer, was told the full plan; and he was usually killed in the first clash of arms, leaving his unit effectively headless.

To go on with, there was the religious factor, as it can only be called. For the doctrinaire Communists in Hanoi *not* to believe the masses eagerly support their cause would be much like the College of Cardinals being converted to atheism. In addition, of course, the Hanoi leaders had been lied to by the members of the VC apparatus charged with mobilizing the urban population.

Some of the consequences were pure black comedy. In Nhatrang, for instance, the 18-B Regiment of the Fifth North Vietnamese Division had the follow-on mission, after the local VC forces had hurled themselves into the town. The regiment marched into Nhatrang in perfect drill formation, with colors flying, obviously expecting a delirious popular welcome, only to be worse than decimated by Nhatrang's defenders.

Those defenders are the rest of the answer. Somewhat acidly, Gen. Westmoreland had remarked that "the Hanoi leaders must now suppose we have been subsidizing half the U.S. press to join in a huge deception plan." Here he was referring to the common and grossly unfair press denigration of the South Vietnamese army. Mainly for this reason, the Hanoi war planners demonstrably expected much of the ARVN to defect or come apart at the seams. Instead, although most units were gravely understrength because of leaves for Tet, just about every ARVN unit acquitted itself admirably. So the disaster occurred which, Sen. Kennedy to the contrary, means that this is not a war without end.

[From the Washington Post, Mar. 27, 1968]
MC CARTHY WON'T JOIN R. F. K. IN "RULE OR RUIN" CAMPAIGN

(By William S. White)

Sen. Eugene McCarthy's withdrawal from his association with Sen. Robert Kennedy on a joint anti-Johnson ticket for the Democratic primary in the District of Columbia reflects far more than its obvious effort to check suspicion that he is only a stalking horse for Kennedy.

For the short term, this partnership was daily looking worse and worse for the McCarthy end of it. For it would have permitted Kennedy to exploit McCarthy's strength here for essentially his own purposes. And in the propaganda sense it would have served to let Kennedy partially off the hook for his hands-off attitude in the presidential contest until McCarthy, walking alone, had scored his considerable minority success in New Hampshire. It would have looked, in short, that all had been forgiven by the McCarthy people.

Moreover, the now abandoned Washington deal precisely served a more general Kennedy strategy, by which he intends both to make interim use of McCarthy and in the end to push him aside with the cry that anyhow Gene McCarthy couldn't win the convention.

A clear example of this aim is in the current campaign in Wisconsin, where Kennedy had repeatedly urged his "help" upon McCarthy and McCarthy has as repeatedly rejected it. McCarthy believes he can carry the Wisconsin primary off on his own; and indeed Kennedy himself would not have cared to make a direct contest of it there.

If, however, a McCarthy showing there could be presented as actually a combined McCarthy-Kennedy showing, the real winner would of course be Kennedy.

In the deeper sense, however, these considerations are secondary. The fundamental reason why McCarthy broke his local alliance with Kennedy lies in increasing awareness among some leaders of the McCarthy movement that Kennedy is not simply trying to deny renomination to President Johnson in a traditional form of rivalry. He is attempting the personal destruction of the President and is plainly prepared to contemplate the destruction of his own party as well to this end.

McCarthy has never had such extreme motives. While he would very much like to have the nomination, his determination is to stop short of smashing his party and thus giving decisive aid to the Republicans in November.

Kennedy's whole tactic is a rule or ruin enterprise, as his campaign oratory has clearly shown. His personal attacks upon President Johnson, which are embittered beyond example, are being taped by the Re-

publicans for use in the election campaign. Too, his open-ended promises simply "to end" the war in Vietnam and his irreparably violent assaults upon an allied government in South Vietnam in wartime are equally without parallel.

For even if a "peace" candidate is to win in November he must serve as the President of all the people. He must, in elementary national interest, be able to sustain at least some kind of civilized association with our Vietnam allies and to negotiate with the Communists with at least some claim to a posture of strength. Sen. Kennedy, from his own mouth, could never do either. McCarthy does not want to get into any such situation.

Though many, including this columnist, had once believed he would wind up by the logic of events as only a howling third party candidate, his own conduct has established that he is well aware of the danger and does not intend to let it engulf him. Sen. Kennedy, to the contrary, has threatened an outright bolt should he fall at the convention.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana, I yield.

Mr. COOPER. Mr. President, I wish to say that one of the great and rewarding experiences of my life has been to know President Eisenhower and to support him in a modest way. During his administration we enjoyed an unparalleled situation of both peace and prosperity. He is respected at home and throughout the world.

I must say, I do not agree with his statement to which the Senate has referred. I remember very well when President Eisenhower came to this body about 2 years ago, and speaking to a number of us, said he had never made any commitment when he was President of the United States, other than say to South Vietnam that the United States would provide economic aid to South Vietnam as long as it made progress and instituted reforms.

To return to the argument made by the distinguished majority whip on the Democratic side, and my colleague from California, I should like to ask them, What do you expect us to do, if we do not agree with the present course of policy?

I agree that rash statements dwelling at length upon the past, a past we cannot recall, are not very helpful.

What do you expect those of us to do who have different viewpoints about what should be done now and in the future, to bring the war in Vietnam to a close?

Do you expect to close us off? To act as if we have no minds?

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, I ask unanimous consent to proceed for 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Do you imply, as we could infer, that we should not say what we believe, and that if we do we are less patriotic than others? I do not accept it.

Mr. LONG of Louisiana, Mr. President, I ask unanimous consent to proceed for 2 additional minutes in order to answer the Senator from Kentucky.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. First, let me affirm that I agree with what General Eisenhower said. He was a great President and a great general.

Now, Mr. President, with regard to the Senator's statement, I should like to ask that two articles be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

LET'S CLOSE RANKS ON THE HOME FRONT

(Former President Eisenhower speaks out against those critics of the war in Vietnam who, in defiance of both common sense and their country's best interests, preach discord and rebellion.)

(By Dwight D. Eisenhower)

In a long life of service to my country, I have never encountered a situation more depressing than the present spectacle of an America deeply divided over a war—a war to which we have committed so much in treasure, in honor and in the lives of young men. What has become of our courage? What has become of our loyalty to others? What has become of a noble concept called patriotism, which in former times of crisis has carried us through to victory and peace?

If in the desperate days of World War II we had been torn by this kind of discord, I doubt that we and our allies could have won. Looking back, I think how disheartening it would have been to those of us who commanded forces in the field if we had been called home to make speeches and hold press conferences—to shore up a wavering solidarity on the home front. Nothing of the sort happened then. But it is happening now. And how the enemies of freedom throughout the world—from Hanoi to Moscow—must be rejoicing!

In our war against the Axis powers a quarter of a century ago, we were fighting for the cause of freedom and human dignity, just as we are now. And in the long-range sense, we were also fighting for our own salvation, for a way of life we hold dear, just as we are now. In that war the American people understood this, and it was inspiring to see the single-minded way this country faced up to the job of fighting two first-rate military powers simultaneously.

We had a few slackers and draft dodgers, of course, but they were objects of scorn. We grumbled a bit about rationing and sometimes accused our draft boards of partiality, but these minor irrationalities were mostly a way of letting off steam. Essentially, we were united, and nearly everyone found some way of helping in the war effort. As a nation, we were dedicated to the job of winning completely and swiftly. And we did win—at least a year earlier than the most optimistic military timetables had forecast.

As commander of the Allied armies in Europe, I can testify that this solidarity, this upsurge of patriotism on the home front was a wonderfully encouraging thing. Neither I nor any other military leader had to lie awake nights wondering whether the folks back home would stick with us to the end. It never occurred to us that they might not. We knew that the American spirit had rallied to the cause, and this knowledge buoyed us up immeasurably—all of us, right down to the private in the ranks.

Today the reverse is true. We have "chosen up sides," as youngsters say in lining up their ball teams, and we call ourselves hawks and doves. This terminology in itself is inaccurate and ridiculous. A hawk is a bird of prey, a dove the helpless victim of predators. We are neither. We covet nobody's territory or property, want no dominion over others. On the other hand, we have always shown ourselves capable of self-defense. I trust we always shall.

No one who believes in our democratic

processes can object to honorable dissent. This is part of the American credo, part of our birthright. There are those who now sincerely believe that we have no business being in Vietnam. I think they are terribly and dangerously wrong, but they have the right to state their views.

The current raucous confrontation, however, goes far beyond honorable dissent. Public men and private citizens alike take a stance and defend their positions angrily and unreasonably, often substituting emotion for logic and facts.

Not long ago, for example, a young U.S. Senator was quoted as saying that if we are fighting in Vietnam to protect ourselves, then we must concede that we are being selfishly immoral. To me this seems the height of tortured reasoning, if not worse. Certainly, we are fighting to defend ourselves and other free nations against the eventual domination of communism. In my opinion it would be grossly immoral not to resist a tyranny whose openly avowed purpose is to subjugate the earth—and particularly the United States of America. The Senator was indulging in sophistry, and I suspect his purpose was political rather than patriotic.

A ludicrous, and dangerous, aspect of this bitter quarrel is the large number of public men who regard themselves as military experts. One large defeatist group proclaims loudly and positively that "we can never win the Vietnam war." Others insist contrary to the best military judgment and to clear evidence, that our air strikes "do no good" and we must cease all bombing of targets in the North. Still others want our troops to sit down in "defensive enclaves" and drop all offensive action—presumably until a tough enemy gets tired of looking at our military might and goes quietly home.

Instead of giving faith and backing to the men who are responsible for the conduct of the war, these armchair strategists snipe at every aspect of the conflict. Moreover, they never seem to lack a rostrum for their pronouncements. They are quoted endlessly and prominently in the press, and on the airwaves, and of course their words give aid and comfort to the enemy and thus prolong the war.

A tactic of some dissenters—and this alarms me more than all the empty shouting—is their resort to force in open defiance of the laws of the land. They try to prevent recruiting officers from doing their job, and sometimes succeed. They try to halt the work of personnel recruiters from industries which manufacture war matériel. They line down on the pavement in front of draft-induction centers; they jeer at the inductees and try to keep them from answering their call to service.

Some young Americans publicly burn their draft cards and state they will never go to war. The "peaceful" anti-war demonstrations frequently get out of hand and become bloodily violent. Dissenters of this type insist on their own right to free speech, but are unwilling to grant the same right to others. How often lately we have been subjected to the shocking spectacle of some distinguished speaker being smuggled in the back door of a lecture hall to avoid physical harm from the demonstrators out front!

These militant peace-at-any-price groups are a small minority, but all too often they get away with such illegal actions—and also get away with the headlines. There is no reason to tolerate this arrogant flouting of the law. It could be stopped—and should be stopped—at once. Their action is not honorable dissent. It is rebellion, and it verges on treason.

In the midst of this disgraceful public uproar, the dissenters continue to demand that we negotiate. I am a firm believer in constructive negotiation, provided both sides come to the conference table with honest and reasonable intentions. Thus far, North Viet-

nam has made it emphatically clear that it wants no negotiation—except on terms which would mean our complete capitulation. Listening to all the anti-war sound and fury on our home front, Hanoi obviously prefers to wait it out in the hope that public opinion in the United States will eventually compel our withdrawal. It is probable that the behavior of the dissenters themselves is making honorable negotiation impossible.

Those who oppose the Vietnam war and insist on our unilateral withdrawal have said over and over that the American people have never been given a sound reason for our presence there. If they believe this, it must be because they refuse to read or listen to anything they don't like. There are reasons why it is critically important to fight the communists in Vietnam, and they have been stated often.

The first and most immediate reason—so obvious that it shouldn't have to be explained—is that we are trying to save a brave little country, to which we have given our solemn promise of protection, from being swallowed by the communist tyranny. We want the people of South Vietnam to have their chance to live in freedom and prosperity, and even in the midst of a bitter war we are already doing much to help them build up their economy.

If anyone doubts the determination of the communists to subjugate this small country and take it over by sheer savagery, let him read the accounts of the Vietcong's impersonal butchery of whole villages of innocent people. The communists' tactic of conquest by terror, their callous disregard for human life, their philosophy that the end justifies the means—no matter how barbarous and immoral the means may be—are precisely the same in Vietnam as they have used in gobbling up other countries and other free peoples of the world. Their objectives have not changed or softened over the years. The only language they understand is force, or the threat of force.

There is a larger reason for our military presence in Vietnam—and that is the urgent need to keep all Southeast Asia from falling to the communists. Some of our self-appointed military experts discount the "domino theory"—which, as applied to Southeast Asia, simply means that if we abandon South Vietnam to communism, the other countries of that area will also topple. In my opinion, the domino theory is frighteningly correct. I suggest that the peace-at-any-price advocates who scoff at this threat study the behavior of communism over the past two decades.

Here at home, this is election year, and I hope we do not permit the Vietnam war to become a divisive political issue. It is right and proper to advocate a change of leadership and to discuss the conduct of the war. But it is improper, and I think unpatriotic, to voice dissent in such a way that it encourages our enemies to believe we have lost the capacity to make a national decision and act on it. Meanwhile, I state this unequivocally: *I will not personally support any peace-at-any-price candidate who advocates capitulation and the abandonment of South Vietnam.*

As any citizen does, I deeply regret the necessity of pouring the blood of our young men and our treasure into this faraway war for freedom. But it is a necessity. This is an hour of grave national emergency. It is time that we do more thinking and less shouting; that we put our faith in our democratic processes and cease the dangerous tactic of deciding which laws we will and will not obey.

We should also ponder the previous successes and sacrifices we made in checking the advance of communism: how we helped save Western Europe through the Marshall Plan; how we checked aggression in Korea, on the free Chinese islands of Quemoy and Matsu, in Lebanon and the Dominican Re-

public. How we saved Formosa, and are successfully helping the South American nations resist the Cuban conspirators. These things we must continue to do, even when we stand alone—even when so-called friendly nations criticize our actions.

Sometimes I find comfort in going back even further in history. At one time during the Civil War, a profound spirit of defeatism developed in the North. A considerable portion of the people, discouraged and fearful, cried: Let the South go its way; we can never win this horrible war. Abraham Lincoln was reviled; draft laws were defied; hundreds were killed in resisting recruiting agents. The pressure on the government to acknowledge defeat was intense.

Lincoln, however, saw two things clearly. He knew that the successful secession of the South would fragment America and deny it its great destiny. And with a clear-sighted evaluation of the manpower and resources of both sides, he also knew that the North could win. He stood steadfast, and before long the courage and common sense of the people revived, the defeatists subsided, and the Union was saved.

It is my hope and belief that history will now repeat itself. I still have abiding faith in the good sense of the great majority of the American people. It is unthinkable that the voices of defeat should triumph in our land.

EISENHOWER DEPLORES "ARMCHAIR STRATEGISTS"

Former President Eisenhower said yesterday that "armchair strategists" are giving "aid and comfort to the enemy" in Vietnam and dissenters are probably "making honorable negotiations impossible."

In a strongly worded denunciation of critics of America's war policy, Mr. Eisenhower said the actions of "militant peace-at-any-price groups" are "not honorable dissent. It is rebellion, and it verges on treason."

"In a long life of service to my country, I have never encountered a situation more depressing than the present spectacle of an America deeply divided over a war," Mr. Eisenhower wrote in an article in Reader's Digest.

"What has become of our courage? What has become of our loyalty to others? What has become of a noble concept called patriotism, which in former times of crisis has carried us through to victory and peace?" the former President asked.

He said if dissent were as strong "in the desperate days of World War II" when he was the Allied Commander in Europe, "I doubt that we and our allies could have won."

Mr. Eisenhower was scornful of the "enclave theory" advanced by his former colleague, retired Lt. Gen. James Gavin, who has proposed that American forces pull into defensive perimeters around the cities and the populated coast of Vietnam instead of fighting in the jungle.

Without naming Gavin, the former President said those who advance the theory "want our troops to sit down in 'defensive enclaves' and drop all offensive action—presumably until a tough enemy gets tired of looking at our military might and goes quietly home."

"Instead of giving faith and backing to the men who are responsible for the conduct of the war, these armchair strategists snipe at every aspect of the conflict," Mr. Eisenhower said. "Of course their words give aid and comfort to the enemy and thus prolong the war . . ."

"In the midst of this disgraceful public uproar, the dissenters continue to demand that we negotiate," he said. "Listening to all the antiwar sound and fury on our home front, Hanoi obviously prefers to wait it out in the hope that public opinion in the United States will eventually compel our withdrawal. It is probable that the behavior of the dis-

senters themselves is making honorable negotiation impossible."

In an election year, he said, it "is right and proper to advocate a change of leadership and to discuss the conduct of the war," but he vowed: "I will not personally support any peace-at-any-price candidate who advocates capitulation and the abandonment of South Vietnam."

Mr. LONG of Louisiana. Now, Mr. President, with regard to the Senator's question, I would expect those who do not agree with the policy that led to the situation in which we find ourselves, to do as I did when World War II broke out.

Just before that time, I had found myself in sympathy with what the America first people were saying. I tended to favor the isolationist viewpoint. I felt that the policies the Roosevelt administration were pursuing would be likely to lead us into war. As a young man in college, I had hoped that we would not get into any war, knowing that I would be involved in the event it started.

However, after the attack upon Pearl Harbor, rather than quarrel about Roosevelt's policies, whether the Japanese were justified in attacking Pearl Harbor, or quarrel about whether we provoked them into attacking Pearl Harbor, I felt that we were in a war, and that we had to see it through. So I volunteered to do what I could.

I never raised a question nor did the other men who had thought as I did as to how we got into it or how we should fight it. We were in it, and we had to win it if we could. We declared the kind of war we would fight. We voted to go forward with it, to vote appropriations, draft bills, and various other measures that would help to win the war.

Our Nation is once more at war. In my judgment, it is our duty to see it through, whether commitments were made by President Eisenhower or by subsequent Presidents. President Eisenhower is the best spokesman for himself as to what commitments he did or did not make. Commitments certainly had been made to our ally by our Presidents, and certainly our present President can say no differently.

Since we are in this war, it is my judgment that we should have the courage to see it through.

We should not play the part of coward and blanch at the sight of blood, seeing our friends butchered and killed because we let them down when we had not even suffered a single defeat of consequence on the field of battle.

TAX ADJUSTMENT ACT OF 1968

Mr. AIKEN. Mr. President, since I must leave to attend an executive committee meeting, I should like to point out before leaving, how dependent the United States has become on Russia and possibly other countries for war materiel.

It is my understanding that last year imports of certain materials from Russia increased 300 percent or more.

Those materials were, in addition to platinum, vanadium, rhodium, chromium, titanium, and magnesium—all

important in the manufacturing of war planes and war materiel.

I do not have a report for the full year, but for the first 9 months of 1967 America paid over \$20 million to the Russians for these strategic minerals.

I understand that these importations are increasing rapidly at this time.

Therefore, I wonder whether, in passing on legislation intended to penalize those taxpayers who sell to Russia or do business with Russia, we should not also penalize those who may, this year, be spending as much as \$100 million of good American money which will go to the Russian Government. I am not advocating this course but if we penalize those who sell to a Communist country—should we not also apply the penalty to those who pay large sums in American dollars to Communist countries?

Mr. MURPHY. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. MURPHY. Is it not true that we used to import a lot of chromium from Rhodesia; and is it not also true, at the request of the British Government that we placed sanctions upon Rhodesia, thereby cutting off our supply of chromium, forcing us to go to the Russians for it?

Is it not also true that the Russians immediately raised the price?

Mr. AIKEN. I think that the Senator is correct. Russia is asking much more for it now. The fact is, Russia is the chief beneficiary of this war we have got ourselves involved in, not only in developing markets in this country for strategic material but certainly we have been a great benefactor of the Russian Government in other ways.

I wish we would stop being so careful about their feelings being hurt, if we place the interests of the United States first.

MAN AGAINST MAN AGAINST THE SEA

Mr. KUCHEL. Mr. President, I ask unanimous consent that a partial text of a speech I made on March 14 at Santa Barbara, Calif., before the Channel City Club of that city be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

MAN AGAINST MAN AGAINST THE SEA

(Partial text of remarks by U.S. Senator THOMAS H. KUCHEL before the Channel City Club, Santa Barbara, Calif., March 14, 1968)

As far back as man can remember, the free use of the high seas has been an undisputed right. The roaring, foaming sea was herself the all dominating fact of human geography—more than a match for mere mortals. The sea, too was a refuge where a man could be alone with the elements. It has been his challenge, his inspiration, his lane of supply, his line of national defense, and today, it is his playground and his greatest untapped store of natural resources. It may become the arena of his costliest conflicts. The incidents in the Bay of Tonkin in the summer of 1964 and the recent seizure of the U.S.S. *Pueblo* are grim reminders to history of the supercharged consequences of international collisions on the high seas.

In Thomas Jefferson's time, the United

States adopted the principle of one marine league—or roughly three miles—as our seaward limit for the purpose of territorial sovereignty. That was the maximum range of naval gunfire at that time. It was assumed that sovereignty and the ability to protect or defend territory went hand in hand.

Today, the United States and most major maritime powers, continue to keep their territorial waters at three miles from the coastline. Their view has been that a broader claim would unduly restrict navigation. Many smaller nations, and almost the entire Communist Bloc, have extended their territorial waters to twelve miles. In the most extreme and outrageous examples of infringement of freedom of the high seas, some of our neighbors in Latin America have asserted a claim to a seaward territorial limit of two hundred miles.

Still another type of surface jurisdiction is asserted by coastal nations over the fisheries resources lying off shore. In 1966, the United States established a fisheries jurisdiction of twelve miles as a means of insuring our coastal fishing against foreign intrusion and of providing a base of reciprocity with other fishing nations, most of whom have taken a similar step.

By far the greatest problem facing any coastal nation today is the fair determination of her rights to the riches in the waters and particularly in the seabed off her shores. In almost every nation there has been divided opinion. In America, there has been a sharp contest between our coastal states and the Federal Government over control of the vast mineral resources beneath the sea in the continental shelf.

In 1953, during my first year in the Senate, the Senate Interior Committee, of which I was then and am now a member, approved and saw to the enactment of two important pieces of legislation. First was the Submerged Lands Act, granting to the coastal states subsurface minerals within their state boundaries. The bill was a great victory for the coastal states. It has brought over 300 million dollars into California's treasury in the last decade.

Also in 1953, we passed the Outer Continental Shelf Lands Act, which said the U.S. Government could exploit the undersea resources along the continental shelf outside state boundaries.

At the time, it was understood that this meant the U.S. could explore and mine the ocean floor out to 100 fathoms of depth, because that was as deep as we thought anybody would ever be able to dive. To our great credit, the U.S. in 1964 ratified a treaty to extend our jurisdiction as far as technology will let us exploit the depths. It is a sound position, and one which in a few short years will greatly benefit the economy of the United States in general and California in particular.

For the sea is a vast treasure hoard only now beginning to open. In addition to oil, the seas will provide food, fresh water, recreation and a vast array of minerals and chemicals from magnesium to gold.

Signs of rapid change are apparent. Several years ago, the Department of the Interior built a small pilot plant at Point Loma to convert the sea water into potable water for the people of San Diego.

Just last year, Congress approved legislation which I introduced in the Senate to authorize Federal participation in a partnership with local agencies, public and private, to build the largest desalting plant in the world off the shores of Orange County. This plant when completed will produce 150 million gallons of fresh water per day, enough water to service the domestic needs of a city the size of Santa Barbara many times over.

Plans are under way in NASA and the Interior Department to track schools of fish, to predict the weather, and to map the

ocean floor by instruments orbiting the earth in satellites.

As the need for water-based recreation grows with our population, we will, no doubt, establish new national parks on the ocean floor. As food from conventional sources grows scarce, the sea will play a much greater role in feeding the peoples of the world. Already great strides are being made in research and development of food from seaweed and of high protein food additives from the abundant hake which does not presently find a commercial market. Exploration and mining for valuable minerals on the ocean floor will take place side by side with the capture of valuable substances suspended in the sea water itself.

The technological awakening will also help to prevent national disaster. Satellite surveillance will give better warning of storms to ships and coastal areas. Research will undoubtedly lead us to a better understanding of the problems of pollution caused by localized increases in the temperature of the sea water, or by effluents dumped into the ocean.

Water pollution is an especially critical problem; it is imperative that all the advances of technology be applied immediately in this area. I recently disclosed the results of a study I requested which showed that an alarming amount of California's water pollution is caused by the Federal Government itself. Many of the Government installations are moving toward improvement, of course, but then, they ought to. As the source of much of the pressure to improve conditions, government should be the example of the cure, not the problem.

The limits on the benefits to mankind from the sea are drawn only by the limits of man's imagination—and his willingness to agree with himself on the rules of exploitation. The sea remains essentially untouched today. We have now an opportunity for greatness or for chaos and destruction of resources of the sea. At this point, confusion and contradiction seem more prevalent than order and effectiveness.

In its usual way, the Federal Government has responded to the challenge of the sea with a vast array of programs, policies and agencies. Federal oceanographic activities alone are scattered over 29 bureaus in 11 department level agencies. In 1965 I joined as a co-author of a bill, now law, establishing the National Council on Marine Resources and Engineering Development to study and propose means of bringing together the various aspects of government effort. This effort is gravely needed. We have no complete mechanism to assure that the activities of the Navy Oceanographic Office, for example, are fully coordinated with the Maritime Administration or, indeed, that their findings are shared with the Bureau of Commercial Fisheries in its efforts to improve fishing technology. Our budgeting process cannot now cope with all of these overlapping functions efficiently.

Earlier, I mentioned the varying limits imposed on the territorial sea, on our fisheries jurisdiction, and on exploitation of resources on the ocean bottom.

Nations are extending their limits, sometimes, it seems, with complete disregard for the possible dangerous consequences. In South America, for example, every nation from Argentina around to Colombia, has claimed 200 miles as its sovereign limit, and the practice is spreading in Central America. If the 200 mile limit were to become a worldwide standard, an area equivalent to the Atlantic Ocean would be removed from the high seas.

Along with the growing and conflicting claims, we are faced with a continual shrinkage of the free ocean surface as a result of today's rapid communication. The grab for

territory has reinforced that process. The implications for our defense and security are grave.

If America is going to help bring order to the regime of the sea, we must first see to order at our own shores. I would like to sketch some specific steps we can take.

First, if we are going to open up the vast resource potential of the sea, we should prepare now to protect the economy and the uses of the sea and the coastline from such real threats as large-scale oil pollution.

The Torrey Canyon disaster off England and the similar, more recent fate of the Ocean Eagle tanker in the Caribbean can be ominous portents in a state like California and in a City like Santa Barbara, where beaches, home and boats are mere minutes over the waves from an increasing offshore oil production industry. But these disasters can also be catalysts to action by industry and government alike. Advancing technology in the petroleum industry should be able to assure that the development of oil resources can proceed side by side with the protection of our seashores.

We in the public service, of course, must represent all of the elements in our city or state as we seek to prevent or cope with such problems.

At this point I should point out that Santa Barbara and Carpinteria residents should be proud of the job their local officials have done in the last year in dealing with the Department of the Interior on questions of drilling for oil in the Santa Barbara channel. These men represented you skillfully in Washington. The two-mile buffer zone which extends seaward beyond the state drilling area is testimony to a job well done at the Interior Department, where the zone was approved.

There is another step, too, which can be taken in government. I have proposed that some small portion of the Federal revenues from offshore oil leases on the outer continental shelf be used to insure citizens along the coastline against ruin from oil pollution. I am joined in supporting this proposal by my good friend, the distinguished Congressman from Santa Barbara, Charles Teague.

With the Torrey Canyon and Ocean Eagle disasters freshly in mind, we must take immediate steps to protect the beaches and boats along California's 1200 miles of coastline from destruction. I can think of no better source of money to give that assurance than the revenues from the source of potential danger.

I have proposed in the Senate that a major portion of the leasing revenues from the outer continental shelf be used to augment the Land and Water Conservation Fund. This fund finances America's conservation program, our national parks such as the Redwoods, and the thousands of local and state parks projects. In California, we can expect a population of 50 million by the end of the century. If the world is to remain a fit place for man rather than robots, we must take measures today to preserve some portion of the original face of nature for future generations.

The bill which I have joined in offering has the well-deserved support of every major conservation organization in our country. It is realistic, and I am hopeful of its success.

On another front, the National Commission on Marine Resources and Engineering Development created two years ago by an act of Congress which I joined in co-sponsoring, is scheduled to complete its work in the next year. Its findings should give the best basis for a long range national marine science program bringing together scientists, mariners, engineers, financiers, lawyers and public servants in a coordinated effort to achieve an effective program for America.

Congress must prepare to act on the recommendations of the Commission to draft

enabling legislation and to oversee the marine science program. Coordination is ever the bane of broad Federal thrusts into new areas. It is up to Congress to see that this one potential for chaos on the high seas is removed—that our government work is productive and not confused, overlapping, contradictory and wasteful of public revenue.

Finally, the world cannot long survive without a general law of the sea. In 1958, and again in 1960, the Eisenhower Administration took the lead in conferences held in Geneva to establish such a code. Much progress was made, including the Convention on the Continental Shelf, which I mentioned earlier.

The world has yet, however, to agree on a basic formula for the size of the territorial sea or on the uses of subsurface beyond the 100 fathom mark. In 1960, the United States, together with Canada proposed a formula of six miles of territorial sea and six miles of extended fishery zone. This was defeated at Geneva by one vote—as the result of the unwillingness of our neighbors in Latin America to give up their egregious 200 mile limit.

The United States cannot idly accept depredations against vessels bearing our flag—whether in Wonsan, the Tonkin Gulf, or off the shores of Antofagasta in Latin America.

Outside of California, not many Americans are aware that for a decade before the *Pueblo*, vessels bearing our flag have been seized, fired upon, searched, detained, and members of the crew imprisoned by nations with whom we are supposed to enjoy normal diplomatic relations. Just two weeks ago there was another.

I have introduced and gained enactment of legislation calling for a cutoff in foreign aid to the offending countries. My bill was passed by the Senate in 1965 as a mandate to act. It was later modified in conference with the House to give the President discretion. He has yet to use it in favor of American interests. I will again this year move in the Senate to amend for mandatory aid shutoff unless the problem is soon resolved. I am confident that this proposal will receive strong bipartisan support. The recurring seizures off the shores of Latin America are a great disservice to the cause of peace in this Hemisphere.

In the absence of rules accepted by all, we have scant alternative but to protect ourselves by what means we can. But we would far prefer to have a uniform code of behavior, and to be able to settle all of these disputes on the surface and below the sea by an accepted rule of law.

In my opinion, it has been the worst kind of folly not to give the establishment of order on the open seas a high priority. The intervening years have shown how much grave controversy might otherwise been avoided. The nations of this earth cannot afford here to slacken their efforts. The last conference in 1960 came within a hair's breadth of success. Surely, it is time to try again.

See the wanton disregard of international law as late as yesterday against an American flag vessel in the open ocean off Peru, and last month in the piracy against the U.S.S. *Pueblo* in international waters of the Sea of Japan. That is the harvest we reap in great part because maritime nations failed officially to approve, and to agree to enforce, the age old concept of freedom of the seas and the oceans.

Falling international covenants, there is every urgent need for America to stand up for her own. Yesterday, following the Peruvian seizure of an American tuna clipper, I asked Secretary Rusk to inform both Peru and Ecuador of the Foreign Assistance Act provisions, which I authored providing for curtailment of aid as a consequence of such unlawful acts. How can we expect other nations to respect historic international rules

if we are not ready to enforce the rules we write ourselves?

Far more dangerous than the tuna boat incidents was the seizure by North Korea of the U.S.S. *Pueblo* and the detention of her officers and crew. Our first concern must continue to be their safety and their release. Shortly after the *Pueblo* incident, I called on the President to order a full inquiry. I repeat that call today, as perhaps a possible aid to our diplomatic efforts. But it is basic to the success of our diplomatic efforts that we give clear evidence of our determination to redress this wrong, if not by diplomacy, then by such other means as we command.

Force ought not to be the way to redress wrongs of any kind. Respect for law and order, so necessary to America's preservation, is equally necessary to perpetuate the human race. Only by respect for order will our country survive and only by respect for order will human beings remain on this globe.

The urgency for solving man's problems on the waters may hasten the settlement of his conflicts on the land. For our country, for freedom, and for the family of nations, we pray it will.

MAINTAINING THE CONSTITUTIONAL BALANCE OF LAW ENFORCEMENT IN AMERICA

Mr. KUCHEL. Mr. President, I ask unanimous consent to have printed in the RECORD a partial text of the remarks I made on March 22, at Beverly Hills, Calif., before the Beverly Hills Bar Association.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

MAINTAINING THE CONSTITUTIONAL BALANCE OF LAW ENFORCEMENT IN AMERICA

(Partial text of remarks by U.S. Senator THOMAS H. KUCHEL before the Beverly Hills Bar Association, Beverly Hills, Calif., March 22, 1968)

I am deeply honored at this opportunity to address the Bar Association of Beverly Hills. Your organization represents a distinguished array studded with the names of lawyers, whose fame and reputation are far flung. My life has been enriched—spiritually, not financially—by an almost lifelong friendship with some of your members. One day, long ago, I was honored by an invitation to practice with one of you. That, I guess, was the moment when I decided, or rededicated, to seek a career in the public service. I have never regretted the decision. Indeed, these last 15 years I have spent in the Senate have been the most moving and thrilling chapter in my life. There have been moments of sadness and travail, but they are found in the lawyer's life as well. And, after all, making law and public policy, and seeking to interpret them are, at the least first cousins and sometimes twins—as for example when the lawmaker and the lawyers and judges all recognize that only God knows what a particular statute means.

The freedoms of Western man, won at Runnymede, have been endangered from time to time, perhaps from generation to generation, but on the whole, they have been retained as time has passed, and in many important respects, strengthened. After all, what Anglo Saxon law, even flavored a little with the French Code Napoleon, is all about, is the maintenance of order in the human society, and the application of equity and logic and good, in the solution of those problems which plague its members. Force continues, alas, to play the dominant role in the world society, and the rule of law on a global scale remains a fond and someday attainable hope for the family of nations—but not for a while.

But one of the terrible hazards of today is that here in our own country, law has been mocked, order has been shunted aside, our legal institutions have been endangered, as riots and violence have swept across our land.

Today, the greatest challenge in preserving our system rests not with the lawmaker, nor with the lawyer, but with the man who bears the most controversial and difficult responsibility of all—the enforcement of the law and the keeping of the peace.

Never before in our history as a Nation have we experienced such tragic internal upheavals. Only a few weeks ago, the National Commission on Civil Disorder told the American people that a deepening racial division in this land threatens the future of every citizen. The smoke of Detroit and Newark and Watts still hangs over a Nation that apprehensively waits for an uncertain tomorrow. There is still disagreement over causes, and there is still disagreement over answers, but there is no disagreement in the determination of the American people to end violence and destruction in the streets of the ghetto, and in the lives of all the people. The Commission expressed that determination with these words:

"Violence cannot build a better society. Disruption and disorder nourish repression, not justice. They strike at the freedom of every citizen. The community cannot—it will not—tolerate coercion and mob rule."

It was a little over a year ago that a similar Presidential Commission reported to the Nation on the growing rate of crime. The Report shattered the myth that crime is the work of a small handful of hardened criminals. In the United States today, one boy in six is referred to the juvenile court. A Commission study indicates that about 40 percent of all male children now living in the United States will be arrested for a non-traffic offense during their lives. Crimes of violence have increased markedly. Since 1940, the Nation's population has increased by approximately 47 percent. The number of criminal offenses per 100,000 population, however, has tripled for forcible rape, and doubled for aggravated assault. The overall rate for violent crimes now stands at its highest point. There are continuing arguments over causes, and there are debates over solutions, but there can be no disagreement that crime poses a clear and present and growing threat to our country.

Man cannot live in his complex society today without a system of laws. And the system itself is doomed, unless the laws are properly and effectively enforced. This means that the efforts of the local law enforcement officer to maintain the peace and to protect life and property must be the unerring directive of government at every level.

It is unfortunate and, indeed, dangerous, that some signs of panic have begun to appear. Some have suggested a national riot squad to respond to riots throughout the nation. Others would support the creation of a national police force to enforce the laws of every community in the land. A third outrageous suggestion would have the Federal courts take over local police departments and supervise their operations. Each of these suggestions smacks of police state tyranny—totally offensive to our traditional American concept of law enforcement. Neither the National Commission on Civil Disorder, nor the President's Commission on Crime, ever even came close to intimating a need for a national riot squad or a national crime control force. On the contrary, each warned against any federal invasion of state and local responsibility for law enforcement. Both recommended that steps be taken to strengthen local police agencies in meeting the crises of civil disorder and crime.

I dare say that no one in this entire Nation is more respected or more highly regarded as an expert in the field of law en-

forcement than J. Edgar Hoover, the Director of the Federal Bureau of Investigation. Listen to his words on this subject as of February 1968:

"America has no place for, nor does it need, a national police force. It should be abundantly clear by now that in a democracy such as ours effective law enforcement is basically a local responsibility. In the great area of self-government reserved for states, counties, and cities, the enforcement of the laws is not only their duty but also their right. Law-abiding citizens and local officials should vigorously oppose concerted attacks against law enforcement and the devious moves to negate local authority and replace it with Federal police power."

This traditional concept of balanced law enforcement so forcefully outlined by Mr. Hoover is molded deep into our history. Our first colonists came here to escape the tyranny of centralized police power. Police organization in America became an expression of our freedom and of the democratic form of government. This basic political philosophy inherently provided for government organization at several levels with reluctance towards centralizing police power or authority at the top.

The result is that no town, village or community is too small to have its own police force. These law enforcement officers are not agents of the President of the United States or the national government—they are the servants of their fellow townsmen. These officers are not part of a national police federation or union, nor are their standards established or dictated to by the Federal Government—their pay and standards are provided for at the particular level of government they serve. The source of police power comes not from the Federal Government, but from the people themselves.

The tenth Amendment expressly reserves to the states, and to the people, undelegated Federal powers. According to this principle, authority to organize police departments in the United States rests with the individual states and their subordinate instrumentalities such as cities, counties, and townships.

With no single source assigning this authority, the organization, the power and the duties of the police must be determined by looking at the constitutions, laws and court decisions of each of the several states as well as the various municipal charters and ordinances. Of course, the United States Constitution, Supreme Court decisions and Federal statutes must also be consulted to insure that such powers do not violate the provisions of the 14th Amendment. It becomes clear, therefore, that the structure and power of law enforcement in America is not only a reflection of democracy, but is dependent on the delicate and vital constitutional Federal-state balance.

Centralization of police power would be an abridgement of the American right to self-government and a threat to the principle of local control. Mr. John C. Satterfield, former President of the American Bar Association, spoke of the threat to state control of criminal law administration by an ever-expanding system of federal control:

"The present danger is that old crimes will become federal crimes, all police will become federal police . . . In short, the entire machinery of the administration of criminal law will be concentrated in the hands of an overpowering federal government."

The establishment of any form of a national riot squad or federal police force would rob local citizens of their ability to administer an activity which must be local in character and directly subject to the desires and the control of the local people. A centralized national police force of any kind is repugnant to this Republic. In totalitarian states, it has been called by an uglier but more accurate name.

As a whole, local law enforcement in America has been outstanding. In times of increasing social unrest and increasing public sensitivity to both, police work has become particularly important, complicated, conspicuous and delicate. The fact that the police deal daily with crime does not mean that they have unlimited power to prevent it, or reduce it, or deter it. The police did not create and cannot resolve the social conditions that stimulate crime. But the fact that we are able to enjoy our freedom—that we do largely what we want and where—testifies to the maintenance of order in most of our land.

Only two times since 1932 have Federal troops been dispatched at the request of a state—in 1943 and in 1967—ironically enough, both times in Detroit. Existing Federal laws recognize the importance of the Federal-state relationship in law enforcement efforts. These laws specifically require that local efforts shall not be easily trampled on by any form of Federal action.

Article IV, Section 4 of the Constitution provides that the Federal Government shall protect each of the states against invasion, "and on the application of the Legislature, or of the Executive (when the Legislature cannot be convened) against domestic violence." To carry out this provision, Congress in 1792 enacted the statutory provisions which now appear in Sections 331 and 334 of Title 10 of the United States Civil Code. They authorize the President, after a state request, and after his issuing an appropriate proclamation, to use such of the Federal Armed Forces as he considers necessary to suppress insurrection or domestic violence in that state. In accordance with both Constitutional policy and legislative history of these statutes, however, no President has ordered Federal troops into insurrection control action until: (1) the actual request for Federal troops had been received from the state, and (2) it had become clear that the disorder was beyond the control capacities of state and local authorities. Only 16 times in the 176 year history of this law have states made such a request, and only in 10 of these 16 did the Federal Government respond with troops. When President Eisenhower ordered troops into Little Rock in 1954, he did it because a federal court order was being flouted, and not because of an insurrection.

Those suggesting a Federal riot squad to speed to any state afflicted with racial strife apparently overlook both American tradition and these federal statutes and would void years of carefully established guidelines. They would scrap our traditional concept of balanced law enforcement, and they would replace the responsibility of state and local police with expanded Federal controls, power and domination. Far more important, they encourage a giant leap toward the establishment of an authoritarian police state.

This is not to say that the Federal Government does not have a role in assisting local law enforcement agencies. Federal contribution to the national effort against crime is crucial. The national Government has for many years provided important information, advice and training to state and local law enforcement agencies. In many towns and counties, for example, the Federal Bureau of Investigation's on-site training programs for police officers and sheriffs are the only systematic training programs available. The Department of Justice, under the Law Enforcement Assistance Act of 1965, has begun to give state and city agencies grants for research, for planning, and for demonstration projects.

In the current session of the Congress, the Safe Streets and Crime Control Act is central to the national strategy against crime. It would provide additional assistance to local law enforcement agencies. I am also hopeful that the so-called Law Enforcement Educa-

tion Act of 1967, a bill which I have co-authored, will be enacted in the near future. It would provide valuable Federal assistance to those seeking to pursue a law enforcement career.

Surely, the type of national interest I have described is needed to encourage maximum exertions by state and local government to find new answers to the threats presented by violence and terror and crime. There is little to be gained and a great deal to be lost by unduly criticizing the role of local law enforcement in our society. Such criticism implies little faith in our system and clouds the fact that the police, just as the courts, must have the common objective stated, again, by Mr. Hoover, "to develop and maintain a system of administering criminal justice which is fair, impartial and effective." Our American maxim "Equal justice under Law" must continue to prevail and to operate on all citizens, rich and poor, high and low, big and little.

There is little to be gained from just shouting protests and criticisms. The task is to throw our full resources and energies into training professional local law enforcement agencies to be effective within the framework of current rules of law and evidence.

In facing the severe internal crises of crime, violence and disregard for law, we continue to recognize the need to maintain our traditional concept of balanced law enforcement in America. We must do nothing to jeopardize that balance. We cannot sacrifice basic principles of justice and law and order fashioned by the Nation's charter, by our laws and traditions, and by the expressed will of the American people.

UNLAWFUL SEIZURE OF U.S. FISHING VESSELS

AMENDMENT NO. 678

Mr. KUCHEL. Mr. President, the distinguished majority leader, the Senator from Montana [Mr. MANSFIELD], has indicated that, following disposition of the pending legislation, he intends to have the Senate proceed to the consideration of S. 2269, a bill introduced by the distinguished senior Senator from Washington [Mr. MAGNUSON], and cosponsored by the distinguished senior Senator from Alaska [Mr. BARTLETT], and myself.

On my behalf, and on behalf of my two cosponsors, I send to the desk an amendment and ask that it be printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed, and lie on the table, as requested.

HISTORY OF U.S. VESSEL SEIZURES OFF LATIN AMERICA SINCE 1951

Mr. KUCHEL. Mr. President, ever since the seizure of the American-flag vessel *Marico* off the coast of Ecuador in September 1951, there has been a long and outrageous chain of piratical violations of the rights of Americans on the high seas off the coasts of Latin America. There have been three more seizures in the past month off the coasts of Ecuador and Peru again, of course, far from shore on the open oceans. I am also informed that gulf fishermen have suffered similar harassment just 10 days ago by Nicaragua. It is time that decisive action be taken to end this contemptible affront to one of the most cherished rights of Americans, and of citizens of all maritime nations—the freedom of the seas.

I wish, Mr. President, to have spread I ask unanimous consent to have There being no objection, the material upon the record the full catalog of this printed in the RECORD a list of seizures was ordered to be printed in the RECORD, wanton disregard of international law. from 1951 to the present date. as follows:

SEIZURES, DETENTIONS, AND OTHER HARASSMENTS OF TUNA VESSELS

Information is based upon official business records of the American Tunaboat Association, upon affidavits of masters of tuna clippers, and upon verbal reports received by the association from other masters and managing owners of tuna clippers]

Name of motor vessel	Date	Location	Remarks
Marico	Sept. 15, 1951	Puerto Bolivar, Ecuador	Seized by Ecuadoran frigate Guayas. Vessel was entering port because of repairs. Vessel was fined \$5,500.
Tesoro del Mar	November 1951		Seized by Ecuadorans, vessel was of Panamanian registry, no information available.
Notre Dame	Nov. 4, 1951	5.1 miles west-northwest of Isla de la Plata, Ecuador	Vessel seized while en route to fishing banks in high seas off Peru. Vessel fined \$8,000, released after fine paid under protest.
Sun Pacific	July 30, 1952	1°52' south latitude 81°4' west longitude (18 miles off coast of Ecuador)	Vessel released Aug. 18, 1952, upon deposit of cash bond of \$11,600.
Equator	July 31, 1952	0°52' south latitude 81°3' west longitude (12 to 13 miles off coast of Ecuador)	Vessel in possession of Ecuadoran fishing license issued in Panama. Vessel paid \$1,000. Released after being in custody 3 weeks.
Venus	April 1952	Off coast of Colombia	Vessels seized and taken into port of Buenaventura. Reference El Tiempo, newspaper in Bogota, Colombia, dated July 25, 1952.
Cesare Augustus	do	do	
Jackie Sue	do	do	
Lina B.	do	Off coast of Colombia beyond 3 miles	
American Beauty	Aug. 9, 1952	El Salvador	Seizure of vessel, no other facts available.
Martin B.	Oct. 21, 1952	Ecuador, 00° north latitude, 80°42' west longitude	Ecuadoran merchant vessel Rio Guayas attempted to stop and board vessel, but Martin B. did not stop or permit boarding.
Starcrest	May 20, 1953	Panama	Fine imposed and paid \$3,000 for vessel and bail for crew in the amount of \$2,000.
Conte Bianco	Mar. 1, 1954	Galapagos Islands, Ecuador	Vessel boarded by naval officers. Vessel had purchased Ecuadoran fishing license. Vessel charged with failure to clear vessel and vessel assessed penalty \$8,848.50.
Santa Rosa	do	do	Assessed penalty \$9,040.50. Same as above.
Helen Ann	do	do	\$9,040.50. Same as above.
Bernadette	do	do	Vessel boarded and documents inspected by naval officers of Ecuadoran patrol vessel Bae Manabi. Fined \$10,240.50.
Conte di Savoia	do	do	Abandonment of Ecuadoran waters without presenting for inspection of the captain of the port, the fishing license as well as other pertinent documents. \$9,088.50.
Sun Beam	Apr. 14, 1954	In waters between port of Salinas and Santa Clara Island, Ecuador	Seized by Ecuadoran patrol vessel El Oro; fine imposed (amount unknown). Vessel in distress at time of seizure.
Janus	June 1954	Ecuador	No further information.
Sun Streak	Sept. 4, 1954	3°15' south latitude, 80°54' west longitude (12 miles west of Santa Clara Island, Ecuador)	Seized by patrol vessel Bae Manabi. Fine imposed, \$12,000.
Belle of Portugal	Sept. 25, 1954	San Cristobal, Galapagos Islands, Ecuador	Charged that in July this vessel was sighted 12 miles off Manta, Ecuador, during July. Vessel released after boarding by naval officers.
Portuguesa	Nov. 19, 1954	31 miles, 304° true from Foca Island, Peru	Peruvian cutter D-3 "Rodriguez" advised master to "come aboard immediately or we will sink you." Master refused, vessel continued to operate 3 miles off the coast.
Invader	Nov. 14, 1954	23 miles southwest of Foca Island, Peru	Boarded by Peruvian naval vessel, and request for fishing license. Released and told to get license from Peruvian consul in Los Angeles.
Renoun	do	4°47' south latitude, 81°28' west longitude, about 15 miles off coast of Peru	Boarded by Peruvian naval vessel D-2 "Aguirre." Advised to proceed 200 miles off coast.
Seafarer	do	4°58' south latitude, 81°37' west longitude	Same as above.
Stanford	Feb. 18, 1955	Off the coast of Peru beyond 3 miles	Seized and fined \$2,000. Taken into port of Talara.
E. S. Lucido	do	do	Do.
Miss Universe	do	do	Do.
Marsha Ann	do	do	Do.
Alaska Reefer	do	do	Do.
Sea King	do	do	Do.
Tony B.	Jan. 18, 1955	Entered Port of Callao, Peru	"Tony B." had engine trouble.
Western Clipper	do	do	Sick crewmember aboard the "Western Clipper."
Arctic Maid	Mar. 27, 1955	35 miles off coast of Ecuador	Vessel stopped, shot at, Chief Engineer William Peck severely wounded. Vessel impounded. \$43,481.20 fine imposed.
Santa Anna	do	do	Vessel seized. \$5,881.10 fine imposed.
Magellan	Mar. 26, 1955	25 miles off the coast of Ecuador	Vessel boarded and inspected then released.
Western Pride	do	do	Do.
Katie Lou	Nov. 25, 1955	3°4' south latitude, 80°43' west longitude (18 miles from Santa Clara Island, Gulf of Guayaquil, Ecuador)	Seized and taken into port of Guayaquil. Released Nov. 28, 1955. Other vessels were boarded, but their names are unknown. Ambassador of Peru notified by letter from ATA dated Nov. 23, 1954.
Historic	Jan. 20, 1956	2°48' south latitude, 80°40' west longitude (about 18 miles from the coast of Ecuador)	Vessel stopped by Ecuadoran naval vessel Atahualpa ordered to proceed to nearest port. Ship's documents taken and then vessel released.
Santa Anita	do	2°48' south latitude, 80°40' west longitude (about 18 miles from the coast of Ecuador)	Vessel stopped by Ecuadoran naval vessel Atahualpa, ship's documents taken and then vessel released.
Commodore	Jan. 29, 1956	32 miles 280° true from Cape Pasado, Ecuador	Vessel stopped by Ecuador patrol vessel President Valasco, detained 1 hour, boarded by armed personnel. Released after search indicated no bait. ATA sent letter dated Feb. 8, 1956, to the Secretary of State, outlining the above events.
Normandie	Dec. 13, 1957	19°45' south latitude, 70°37' west longitude (20 to 25 miles off the coast of Chile)	Chilean airplane shot across the bow of vessel, ordered vessel to go into port of Iquique. Other vessels in vicinity, Chicken of the Sea, Starcrest, Southern Pacific, and Excalibur. Total fine imposed, \$6,000.
Shamrock	Feb. 7, 1961	Off coast of Ecuador beyond 3 miles	Ecuador gunboat stops vessel, master of Shamrock leaves his vessel and shows documents to patrol boat.
Do	Mar. 21, 1961	11.9 miles off island in Gulf of Panama	Vessel seized, crew and master imprisoned by Panama. Paid \$2,500 fine plus costs. At time of seizure vessel having mechanical problems and under repair.
Normandie	May 1961	11 miles off Manta, Ecuador	Vessel stopped, fishing activities interrupted, and master left and boarded Ecuadoran patrol vessel. License and other ship's documents inspected. Vessel permitted to continue fishing. 4 other vessels in vicinity.
Do	Nov. 29, 1961	15 miles west of Cape Pasado	Vessel stopped by Ecuadoran patrol boat while it was working on school of fish. Papers inspected and then vessel released.
Nautilus	Dec. 15, 1961	Salinas, Ecuador	Master required to pay port captain in Salinas, Ecuador, \$300 to avoid trouble with authorities and fish off the coast. This vessel has paid \$200 for annual registration fee and \$4,884 for fishing license for trip commencing on Nov. 22, 1961.
Equator	Jan. 27, 1962	Sank approximately 40 miles off Gorgona Island, Colombia	Crew used vessel's powerboat to escape to Gorgona Island. Crew denied opportunity to purchase fuel, and required to leave the small vessel at the island. After clearance from U.S. Embassy in Bogota and Colombian authorities, MV Cabrillo went to Gorgona Island to pick up powerboat. At island, master of Cabrillo was told that powerboat would not be released. Commandant on island told him that unless the Cabrillo leaves, the vessel would be seized and fined. Powerboat was eventually removed from island after U.S. Embassy took further action.
San Joaquin	Feb. 12, 1962	Seized about 8 or 9 miles off the coast of Colombia	Colombian patrol vessel Arc Gorgona seized the vessel, placed armed guards aboard. Vessel fined \$2,318.20; vessel released.
Jo Linda	Feb. 23, 1962	4°10' north latitude, 78°10' west longitude (25 miles off the Colombian coast)	Colombian gunboat No. 71 came on the vessel during early morning hours, fired 12 rounds. Jo Linda escaped into the darkness after a 30-minute chase.
Saratoga	do	4°10' north latitude, 78°10' west longitude	Same Colombian gunboat that shot at Jo Linda chased Saratoga, darkness prevented capture.
Western Ace	Mar. 28, 1962	Off coast of Ecuador beyond 3 miles	Vessel seized, held in port of Salinas for 3 days. No fine imposed.
Normandie	Apr. 3, 1962	00°08' south latitude, 80°59' west longitude (28 miles west of Cape Pasado, Ecuador)	Stopped by Ecuadoran patrol vessel. Master of Normandie left vessel, and showed logbook and other documents.
Constitution	Apr. 16, 1962	1°05' north latitude, 80°21' west longitude (20 miles northwest of Punta Galera, Ecuador)	Ecuadoran patrol vessel President Velasco stopped vessel and requested master to leave vessel. Vessel boarded by armed personnel, who checked papers and then released the vessel for fishing.
Normandie	Apr. 17, 1962	2°10' south latitude, 81°08' west longitude (8 miles west of Cape San Elena, Ecuador)	Vessel was setting net; armed men from Ecuadoran patrol vessel boarded and inspected the ship's log. Master of the vessel ordered into port of Salinas. Master paid captain of port \$60 and left to continue fishing.
Lou Jean	Apr. 28, 1962	About 15 miles off coast of El Salvador	Vessel shot at, boarded, and seized while it was en route to San Diego with load of fish caught 80 miles off Costa Rica. No fine.

SEIZURES, DETENTIONS, AND OTHER HARASSMENTS OF TUNA VESSELS—Continued

[Information is based upon official business records of the American Tunaboat Association, upon affidavits of masters of tuna clippers, and upon verbal reports received by the association from other masters and managing owners of tuna clippers]

Name of motor vessel	Date	Location	Remarks
Mauritani	June 1962	Peruvian coast	Vessel chased off fishing banks 25 miles off Peruvian coast by Peruvian patrol vessels.
Scapreme	Aug. 3, 1962	Beyond 3 miles off coast of Ecuador between Manta and Isla La Plata	Vessel seized and taken into port and held for about 5 weeks. No fine imposed.
White Star	Aug. 6, 1962	5 miles off Isla La Plata, Ecuador	Vessel boarded by armed soldiers and commandant of the island. Threatened to seize the vessel. Master gave whisky and tuna, then vessel permitted to continue fishing.
Cabrillo	Aug. 24, 1962	Galapagos Island, Ecuador	Vessel taken under custody on ground ship's papers irregular. Vessel released for fishing after a few days delay. No fine imposed.
Larry Roe	Sept. 10, 1962	do	Vessel held under custody on ground that it abandoned islands without proper clearance, and that it unloaded fish in Panama. Released Sept. 13, 1962. No fine on vessel but master fined.
Evelyn R.	Oct. 28, 1962	12 miles off Peru	Fined \$5,000 for fishing without license.
Chicken of the Sea	do	do	Fined \$10,000 for fishing without license.
Western Ace	Nov. 5, 1962	Peru	Seized and fined \$4,000 for alleged fishing without license in Peruvian waters some 6 months earlier.
Mayflower	Nov. 14, 1962	do	Forced into port but released within 24 hours without any fines.
Nautilus	do	do	Do.
Royal Pacific	Nov. 18, 1962	Galapagos, Ecuador	Taken into custody but released without fines.
Elsimore	do	do	Taken into custody and fined \$150.
Larry Roe	November 1962	15 miles off Ecuador	Harassment by patrol boat but evaded seizure under cover of darkness.
Cabrillo	do	do	Do.
Ecuador	do	do	Do.
Jeanne Lynn	May 25, 1963	5.5 miles off Ecuador	Fined \$11,184 and charged license fee of \$3,002.
White Star	do	do	Fined \$9,504 and charged license fee of \$2,582. The White Star and Ranger were joined by 19 other vessels as a protest. The 19 vessels were not charged or held.
Ranger	June 12, 1963	Ecuador	Held temporarily pending issuance of a matricula.
Espiritu Santo	June 19, 1963	do	Boarded but released.
United States			

TABLE II.—LISTING OF SEIZURES OF U.S. TUNA CLIPPERS BY DATES OF SEIZURE AND RELEASE, FINES AND OTHER COSTS PAID—CLAIM HISTORY, 1963 TO PRESENT

Name of vessel	Official No.	Seizure date	Release date	Total days not fishing	Foreign country	Amount of fine	Amount of license fees, etc.	Total other costs
Ranger	253538	June 29, 1963	June 29, 1963	1/2	Ecuador	None	None	None
Ruthie B.	252612	June 1, 1963	June 1, 1963	1	Peru	None	None	None
Freedom	262968	do	do	1	do	None	None	None
Ruthie B.	252612	Aug. 19, 1963	Aug. 19, 1963	1	do	None	None	None
Intrepid	254297	Aug. 1, 1963	do	1	do	None	None	None
Western Sky	241122	Dec. 20, 1963	Dec. 30, 1963	11	Ecuador	None	None	()
West Coast	249363	Dec. 29, 1963	do	2	do	None	None	()
Santa Anita	258646	Feb. 4, 1964	Feb. 4, 1964	1	do	None	None	None
Agnes C.	262870	Dec. 5, 1964	Dec. 5, 1964	1	do	None	None	None
Nautilus	285304	Feb. 17, 1965	Feb. 17, 1965	1	Peru	None	\$5,084.00	()
Western King	273287	do	do	1	do	None	4,628.00	()
Clipperton	285518	June 4, 1965	June 14, 1965	11	do	\$7,128	3,564.00	\$1,517.86
Do	285518	June 16, 1965	June 16, 1965	1/2	do	None	None	None
Sun Jason	251946	June 4, 1965	June 6, 1965	3	do	None	1,976.00	()
Sun Juan	289819	June 11, 1965	June 13, 1965	3	do	None	5,888.00	()
Hornet	289761	June 13, 1965	June 14, 1965	2	do	None	5,036.00	()
Concho	270585	July 29, 1965	July 29, 1965	1	Ecuador	None	None	None
White Star	249335	Oct. 5, 1965	Nov. 1, 1965	28	do	11,184	2,765.20	()
Mary Barbara	275716	Dec. 30, 1965	Dec. 30, 1965	1	Peru	1,000	None	()
Day Island	288260	Mar. 3, 1966	Feb. 18, 1966	16	Columbia	5,000	None	2,058.62
Sun Europa	247979	Mar. 3, 1966	Mar. 4, 1966	2	Panama	10,000	None	None
Mauritania	250236	Apr. 29, 1966	Apr. 30, 1966	2	Peru	None	None	340.49
Day Island	288260	May 12, 1966	May 14, 1966	3	Panama	10,000	None	588.36
Do	288260	May 23, 1966	May 24, 1966	2	Peru	12,160	None	805.41
San Juan	289819	do	do	2	do	11,776	None	()
Pilgrim	291488	do	do	2	do	5,800	None	None
Chicken of the Sea	248779	do	do	2	do	None	None	None
City of Tacoma	259035	June 14, 1966	June 15, 1966	2	Ecuador	None	None	None
Clipperton	285518	do	do	2	do	None	None	None
Ronnie S.	255975	Oct. 2, 1966	Oct. 6, 1966	5	Peru	7,384	None	599.66
Sun Europa	247979	do	do	5	do	None	None	None
Eastern Pacific	500099	Oct. 3, 1966	do	5	do	9,904	None	647.14
Shamrock	253836	Oct. 10, 1966	Oct. 13, 1966	4	Mexico	None	None	None
New Era	250382	Jan. 7, 1967	Jan. 13, 1967	7	Ecuador	7,200	3,000.00	None
Endavor	258022	do	do	7	do	8,064	2,216.00	900.00
Victoria	249539	do	do	7	do	8,448	2,312.00	1,000.00
Seapreme	263220	Jan. 20, 1967	Jan. 26, 1967	7	do	12,528	3,338.20	206.08
Caribbean	291814	Jan. 26, 1967	Jan. 28, 1967	3	Peru	10,888	None	664.67
Hornet	289761	do	do	3	do	10,072	None	637.56
Defense	240796	Jan. 7, 1967	Jan. 7, 1967	1	Mexico	None	None	None
City of Los Angeles	247156	do	do	1	do	None	None	None
Ronnie S.	255975	Feb. 15, 1967	Feb. 18, 1967	4	Ecuador	12,768	3,392.00	927.77
Determined	261420	do	do	4	do	8,784	2,396.00	1,000.00
Ranger	253538	do	do	4	do	9,504	2,376.00	1,016.52
Sun Hawk	249270	May 5, 1967	May 5, 1967	1	Mexico	None	None	None
Western King	273287	July 4, 1967	July 12, 1967	9	Ecuador	17,512	4,528.00	691.00
Day Island	288260	Aug. 3, 1967	Aug. 4, 1967	1/2	do	None	None	None
American Queen	258201	do	do	1	do	None	None	None
Puritan	286673	Oct. 19, 1967	Oct. 22, 1967	1	do	None	16,240.00	None

¹ Not available.

In the current year three tuna vessels have been seized, as follows:

The *Navigator* was intercepted approximately 23 miles off the coast of Ecuador by a former U.S. Navy minesweeper E-2, the *Esmeraldas*, at 6:30 p.m. Ecuador time, March 2. After drifting with the *Esmeraldas* for 44 hours, the *Navigator* was released on March 4 without being taken into port upon guarantee of payment of total fees in the amount of \$6,190.00.

The *City of Tacoma* was seized by Peruvian warship No. 22 on March 13 approximately 40 miles offshore. Armed guards were placed aboard the vessel and the *City of Tacoma* was escorted to the Port of Zorritos in Peru. It was released at 1:30 a.m. March 14 after being forced to buy a fishing license for \$5,500.00.

The *Paramount* was seized at 5:30 a.m. March 20 by the *Esmeraldas* (the same ship that seized the *Navigator*). The *Paramount*

was drifting approximately 46 miles off the coast of Ecuador. It was released March 23 after guarantying payment of a fine of \$21,700, a matricula of \$350, a license of \$5,420, and other charges, for a total of about \$31,000.

OIL SHALE: TO BE OR NOT TO BE?

Mr. KUCHEL. Mr. President, on February 27, 1968, the distinguished senior Senator from Colorado [Mr. ALLOTT] delivered a provocative address to the American Institute of Mining, Metallurgical, and Petroleum Engineers on the subject of "Oil Shale." The Senator from Colorado speaks on this subject with a background of many years as an excellent lawyer and public servant in one of America's leading mining States, and as a senior member of the Minerals, Materials, and Fuels Subcommittee of the Senate Interior Committee and a member of the Public Land Law Review Commission.

Mr. President, there is no natural resource issue before our committee at this time of greater importance than the proper disposition of this Nation's oil shale resources.

I ask unanimous consent to have the remarks of my able colleague from Colorado printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

OIL SHALE: TO BE OR NOT TO BE?

(Remarks by Senator GORDON ALLOTT, of Colorado, at the American Institute of Mining, Metallurgical, and Petroleum Engineers, New York City, N.Y., February 27, 1968)

Shale Oil, to be or not to be? As Hamlet's soliloquy continues: That is the question.

When I was a young boy, oil shale was then a matter of common discussion, enough so, to at least to penetrate the consciousness of a boy not yet in his teens, I can remember going out on the prairies west of Pueblo, Colorado, to look for oil shale. We would pick up likely looking pieces of rock, especially if it had a dark streak in it, and apply a match to see if it would burn. Everybody thought they were going to get rich from oil shale. So the question, Shale oil: to be or not to be? has been pondered by many for more than 50 years.

I am sure that it will be evident that I am neither an engineer nor am I scientifically trained. Therefore, in my discussion of oil shale I shall avoid as much as possible any reference to the engineering or scientific aspects. I shall try to place the entire question in a more relative and logical position in its associated field.

As Dr. Charles Jones, President of Humble, so ably pointed out in his address to the National Western Mining Conference in Denver, earlier this month, synthetic fuels from oil shale or coal will be needed in the U.S. between 1975 and 1980 to keep pace with our rising demand for petroleum energy. Different experts project slightly different figures with respect to our liquid petroleum needs, but their conclusions are essentially the same—that is, that within the next decade or so, this country will experience a deficit in petroleum. In other words, our demand will exceed our ability to produce. As you know, due to production restrictions our ability to produce is greater than actual production by an amount slightly greater than twice our level of imports. But, by 1977, demand will have increased to a point where this excess production capacity will have diminished to only about a half a million barrels per day.

The explanation for this deficit trend is that discoveries and additions to our reserves are simply not keeping pace with increased demand. In 1946 total demand for liquid hydrocarbons was just under 2 billion barrels while proven reserves stood at just over 24 billion barrels. Our total reserves were more than 12 times our annual demand. Compare this with our demand/reserve posture in 1966, when total demand was about 4.4 billion barrels and reserves were 39.8 billion barrels. Our reserves had dropped to about 9 times, not 12, our annual demand in that 20-year period. I believe it is generally accepted throughout the industry that the lower limit on our reserve-production ratio is ten to one. We have already dropped below that floor. The danger signal is there for all to see. The question is, Will the industry and the government policy makers see it and act upon it? The trend is clearly evident, we are heading towards an oil-deficit posture unless something is done to reverse that trend.

We have only three broad courses open to us: We can ignore the trend and permit our dependence upon foreign sources to increase, or we can step up exploration for conventional crude and increase our research in improved recovery methods, or we can commence intensive efforts to develop synthetic sources.

Should we decide to ignore the warnings that have been given and proceed on our present course, I believe that serious consequences will ensue. I am sure I need not remind you of the serious situation that developed as a result of the Middle East crisis last year. While U.S. demands on Middle East oil are not large, a failure to maintain the flow of oil to Western Europe could have serious adverse effects upon our national security. Since the Middle East is the major source for petroleum for our NATO allies, it is not necessary to emphasize the significance of oil embargoes, the closing of pipelines and the closing of Suez to the security of the Free World. Unfortunately, our Government's policy seems to be let's ignore it and maybe it'll go away. The clear prospects are, however, that the situation will become more critical with the passage of each year. At the present time about 20% of our demand is supplied by foreign sources, and this percentage will increase unless something is done to reverse the trend.

It would be foolish to say that the annual importation of nearly 900 million barrels of petroleum has not had a considerable impact upon our balance of payments. If one considered those imports just in terms of their

value as crude oil we are talking in terms of \$2.5 billion annually. Of course, such figures cannot be applied directly because of such factors as transportation, foreign taxation, repatriation of income of U.S. based corporations and the like. But it is safe to say that the impact of supplying all of our domestic demands by domestic production would have a significant curative effect upon our balance of payments dilemma, which chalked up another \$3½ billion deficit in 1967.

The second alternative, to step up exploration and improve recovery methods, has been in progress for many years. To reverse the trend towards greater dependence upon foreign oil will require efforts of gigantic proportions and a whole lot of luck. Before such a course is followed, there must be some reasonable basis for believing that vastly increased efforts in this field will produce results proportionate with the risks. This requires us to believe that there is almost a never-ending supply of new oil fields to be discovered and that increased exploration will yield proportionately larger production capabilities. This kind of reasoning flies in the face of certain hard facts. For example, if recovery methods could achieve that theoretical ideal of 100% recovery of all of the oil in-place, where do you go from there? Also, it is a fact that oil is a non-renewable resource, and once it is extracted, it is gone forever. Furthermore, if there are X number of potential oil bearing geologic formations in the country, the number of undiscovered formations is X minus the number discovered so far. It is evident, then, that stepped-up efforts in exploration and recovery methods can only be partially satisfactory, and certainly, can never be the answer in terms of the long run. Further, with something in excess of \$4 billion being spent annually in exploration and improved recovery, the question is, How much more can be spent wisely and productively? While I am not prepared to say that the doubling of annual expenditures in these fields might not be rewarded with proportionate increases in reserves, I believe it to be imprudent to base the health of our nation's energy posture on that one "possibility." We need an ace in the hole.

If we pursue the third alternative, I believe we will have that "ace in the hole." Inasmuch as the two speakers who preceded me discussed other sources of synthetic fuels, it would seem that many of you present here today believe that there is a future for synthetics and that on that future rests our national energy future. In my opinion, it is both wise and essential that we vigorously search for an economical source for large quantities of synthetic fuels within our borders, and the sooner we find such a source or sources the better.

There are several possible sources for synthetic fuels: Coal, tar sands, oil shale, and to some extent natural gas. I have qualified natural gas for two reasons: first, because natural gas already has excellent marketing and use potential in its native form and second, because in terms of projected use, natural gas does not enjoy a reserve posture much better than conventional crude. Therefore, in my view, the three sources of hydrocarbons which possess the greatest long-term potential for development are oil shale, coal and tar sands.

Tar sands received a big push with the Fort McMurray plant start-up. However, with a production capacity of 45,000 barrels per day and the cost of delivering a barrel of refinery grade crude more than three times the cost of conventional oil, the operation is little more than at the breakeven level. While Sun Oil has not divulged cost figures, estimates by knowledgeable oil men put the cost at approximately \$2.55 per barrel delivered to Edmonston Refineries as compared to 79 cents per barrel for conventional crude. Of course, operational experience can do much

to improve cost factors of the operation, providing such improvements are not offset by increased equipment costs. But, Canada and Alberta are very concerned about protecting their conventional oil production—much of which is exported to the United States. As a result tar sand production limitations are likely to remain, and will be modified only when and to the extent that tar sand production will not adversely affect conventional production. Recent news articles concerning increased production limitations seem to be completely in accord with this policy and as a result, would seem to give the edge to Japanese interests who will market their output only in Japan. Also, while Canada and the United States are perhaps the friendliest neighbors in history, nevertheless, the development of the Athabasca tar sands will require dealing with a foreign government, and therefore many unknowns are necessarily involved. In addition, in order to reach the primary market, such oil products must cross an international boundary thus subjecting it to the exigencies of tariff and quota regulation. However, Sun Oil's investment of nearly \$220 million cannot be viewed as anything less than substantial proof of their faith in the future of tar sands.

On the other hand, coal has received governmental help for many years. Government spending for coal research has steadily increased from a 1963 level of under \$2 million to a 1969 level of nearly \$14 million. Perhaps, coal's favorable geography—that is, deposits are widely dispersed throughout the country with large deposits in Appalachia—accounts not only for the Government's interest but also some of the interest exhibited by oil companies. By its wide dispersal, coal is generally located closer to markets and seldom very far away from a pipeline or refinery. Coal also enjoys the benefits associated with broad representation in Congress. In addition, it has the advantage of being located primarily on private land. Thus, the nation's largest bituminous coal reserves of Illinois, the giant lignite deposits of North Dakota, and of course the well-known anthracite and bituminous coal fields of Pennsylvania and West Virginia may be exploited without obtaining Government leases and official sanctions. Certainly, this is not an insignificant consideration, and especially under present governmental attitudes and policy trends.

While dispersal of deposits may work to the advantage of coal, it could, on the other hand, work to its disadvantage. From what I have learned about the field of synthetic fuels, the economics will depend upon large-scale operations. With the huge investment involved, concentration of deposits within close geographical proximity can be an advantage that would offset the costs associated with distance from primary market centers. Oil shale, as no other source of synthetic fuels, has a geographical concentration of reserves. No other source of hydrocarbons even approaches the size of the oil shale deposits. While the tar sand deposits of Alberta are huge, they represent only a fraction of the reserves in the Green River Formation of Colorado, Wyoming and Utah.

In a recent trade journal article, the author noted that politics was one of the hampering factors to oil shale development. Unfortunately, I must agree with his view. The only qualification I would make to his observation is that while politics have been and may continue to delay oil shale development, these politics are not the usual brand of partisan politics. They are a new breed of politics, having little reference to party labels. It is difficult to describe this kind of politics, primarily because it is almost impossible to isolate its true motivations. As a result, the course of those politics are not predictable. The only predictable element is the continued confusion and agitation they will create, all in the name of protecting the public interest. The public interest, however, is always equated with the furtherance of the

pet projects of the agitator and thus, the public interest changes with each new agitator.

Oil shale development has been the subject of several sets of Congressional and Departmental hearings. The Senate Interior Committee has held at least three sets of hearings, the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee held two sets of extensive hearings and have announced more, and, I am informed that the Joint Economic Committee is considering hearings. Many of you probably shared my initial reaction of wonder at the appropriateness and timing of Antitrust and Monopoly hearings on a non-existent industry. But, then, no other non-existent industry has had the benefit of so much study. It has come under study by advisory committees, Senate committees, ad hoc committees, interim committees, watch-dog committees, and so forth, ad infinitum. In addition, oil shale will come under intensive study by the Public Land Law Review Commission. And I suppose the new White House Energy Policy Board will also take a crack at it. About the only prospective results of all this study is that oil shale will be studied to death.

From my observations, suggestions on policies that would lead to an early development of a viable oil shale industry under traditional private enterprise concepts with due regard for the public interest have, for the most part, fallen on disinterested ears. What has received the most attention in certain circles of official and non-official Washington have been schemes on how to divide up and spend the vast proceeds they envision. The goose is being squeezed liberally. My fear is that it will be squeezed to death before it has a chance to lay any golden eggs. Before there is to be an oil shale industry, there has to be a general recognition of the fact that the oil shale goose is, at best, only a gosling, and more accurately, is just breaking out of its egg shell and is not likely to mature unless it is nurtured. Once that realization has taken hold, perhaps we can then focus on trying to find answers to the problems which have stood in the way of oil shale development.

At this point, it may be useful to re-evaluate the elements essential to the development of an oil shale industry. First, there must be a market. The energy demands of this country have shown such a continuous growth pattern that I think there is little doubt about the marketability of shale oil. For example, if we had relied on oil shale to fulfill just the increase in demand in 1966 as compared to the 1965 demand—an increase of about 200 million barrels—it would have required eleven retorts and up-grading facilities, each with a daily capacity of 50,000 barrels. The 1967 increase in demand would have probably required another dozen plants to be constructed and put on stream. At an estimated cost of \$125 million per plant, we are talking in terms of a capital outlay of nearly \$1½ billion per year.

Next, shale oil must be economically competitive. In our system of competitive enterprise, the inefficient and uneconomic industrial enterprises are soon replaced by efficient and economic enterprises. The bones of the inefficient and uneconomic are strewn throughout our industrial history. (As an aside, I wish I could say the same for uneconomic and inefficient government enterprises.) I must confess, however, that I have been somewhat disappointed in the technological progress achieved so far. Perhaps I have been hoping for more than I had a right to. I do not mean to paint a dark picture, research results have been very encouraging, but perhaps I have been guilty of engaging in a Walter Mitty type fantasy by expecting a dramatic break-through. Because I am the ranking minority member of the Appropriations Subcommittee which funds the Na-

tional Aeronautics and Space Administration perhaps I was thinking in astronomical terms. But when the results of oil shale research are compared to space research on a basis of money spent and time involved, the results are truly remarkable. I am convinced that an equal amount of Government-sponsored research would not have produced nearly so much. There is just no substitute for the profit motive in encouraging productive industrial research. There is little doubt that much more research must be done to achieve a competitive shale oil, and I believe it will be done.

The next question that immediately comes to mind is the question of availability of reserves. It is true that the bulk of the thickest and richest reserves are on government land. Nevertheless, the Department of the Interior estimates that more than 300,000 acres of oil shale lands in the Piceance Basin are in private ownership. On the average, the deposits on the private land are not nearly so thick nor so rich as the deposits on government land, but the question has been raised in several quarters. If the oil companies are really interested in developing oil shale, why don't they develop their own land? As far as it goes, it is a fair question. The answer is, of course, that no company can take the risk of spending hundreds of millions of dollars for oil shale plants only to find out that the Federal Government is going to make the richer and thicker deposits available on such favorable terms as to grant a great competitive advantage to the "Johnny-come-lately." In other words, the industry must know what the Government will do with its great majority of the resource before it can plan intelligently. This answer is eminently sensible to me.

This unknown factor must be resolved, but there are several possible solutions. The first, and most obvious, solution would be for the Government to commence a reasonable leasing program which would give all those interested a chance to participate on a competitive basis. After reviewing numerous suggested proposals, and with great trepidation, the Secretary of the Interior issued proposed regulations. These proposed regulations were so restrictive that it is extremely doubtful that any company would apply for a lease under them. The Congressional reception on both ends of the ideological spectrum was cool. In fact, if a conscious effort had been made to draw a set of regulations that would please no one, I do not think the job could have been done more effectively. These proposed regulations are presently in a state of suspension awaiting a finalization of the review of the comments elicited. While I do not consider myself to be a prophet, in all candor, I do not expect much change in the critical areas.

The second possible solution would be to guarantee that no leases would be granted on terms that would give a competitive advantage to "Johnny-come-lately" leaseholders. There is, of course, no practical way to make such a guarantee. However, current prospects are that rather than being more favorable, lease terms are likely to be more restrictive, at least so long as it is private industry which is applying for a lease. If, on the other hand, it is a TVA-type government-owned corporation or even a public-private ComSat type corporation, the terms are most likely to be highly favorable. In my opinion, the likelihood of a TVA or ComSat type corporation will be proportionately reduced in ratio with the quantity of private industry shale oil production.

The third possible solution is to somehow freeze the government-owned deposits out of competition. This may have already been accomplished, inadvertently, by the Department of the Interior, as a result of two events. The first was the launching and encouragement of what has become the multi-phased committee study programs, and as you

know, one committee study begets another, and that in turn begets another study, and so on and so forth. The second was the failure of the Secretary to withdraw oil shale lands from all mineral entry, thus permitting the filing of several thousand overlying claims for other minerals, such as dawsonite and nacholite, which are intermingled with oil shale, during 1965, 1966, and up to the withdrawal order of January 27, 1967. Simply by inadvertence, hundreds of thousands of acres of the richest and thickest government-owned oil shale deposits have been locked up in what Secretary Udall called the legal underbrush.

In response to my questioning during the Senate Interior Committee hearings in February of last year, the Secretary estimated that it would require an additional 67 people at a cost of \$905,000 to carry out a full-scale investigation and adjudication program to start clearing up the title to lands encumbered by outstanding mining claims. It should be emphasized that this was only the first year's impact, and, of course, the cost estimates were made prior to the Federal employees' pay raise. With respect to the question of how long it would take to clear away this "legal underbrush," neither the Secretary nor the Solicitor would even hazard a guess. The Solicitor, however, did indicate the approach to be taken by the Department. Under present plans, the Department will select a group of dawsonite claims and will attack them on the basis that dawsonite is a sodium carbonate in the statutory sense of the Mineral Leasing Act and therefore not locatable. As you know, dawsonite is a sodium aluminum carbonate. Assuming his success—and the Solicitor recognizes that the question will ultimately have to be determined by a court—the remainder of the claims will simply be ignored. This legal strategy appears to be sound, but there is a complicating collateral issue. There are at least eight outstanding lease applications on the dawsonite. These applications have resulted from the discovery of sodium, including dawsonite and nacholite, on prospecting permits issued by the Department under the provisions of the Mineral Leasing Act. Each covers an area of 2,560 acres for a total of about 20,500 acres. The lease applicants have prudently protected themselves by filing overlying mining claims, which in theory would be based upon the presumption that dawsonite is principally valuable for its aluminum content, and therefore, does not fall within the usual leaseability rule pertaining to sodium minerals. It should be noted that the lease applications cover lands in the thickest and richest part of the Piceance Basin.

The dilemma of the Department is that if it vigorously moves against the mining claims on a basis that dawsonite is leaseable, what effect does this have on the lease applications? In other words, if the Department pursues a course to prove that dawsonite is leaseable, on what basis does the Department deny leases to the applicants? Might not the actions of the Department in these circumstances add strength to the position of the lease applicants? Of course, the Department might seize upon the provision of the statute which provides that the land must be chiefly valuable for the mineral discovered by the permittee. While I have no way of knowing the accuracy of certain analyses I have seen nevertheless, those analyses purport to show that the land may be more valuable for aluminum than for oil shale. There is, however, one other aspect of this which would tend to weaken a possible position that the land is not chiefly valuable for dawsonite. So long as there is no economically commercial process for producing shale oil at a competitive price, how can the Department maintain that the land is not chiefly valuable for dawsonite, assuming, of course, that dawsonite can be mined economically? To put it another way, the Department would be hard put to maintain that the land was

chiefly valuable for oil shale when there is no present existing economically commercial process for producing oil shale. Further, if the Department is successful in persuading the courts that the land is chiefly valuable for oil shale, what effect will this have with respect to the Department's position of contesting the pre-1920 oil shale claims on the theory that a valuable mineral, namely, oil shale, had not been discovered? Would not the Department's case against such claims be greatly weakened?

No matter which route the Secretary follows, there are those self-anointed protectors of the public interest who will shout giveaway and Teapot Dome. The Secretary knows this better than anyone else. Put yourself in his shoes and ask yourself what you would do. Probably nothing other than stringing the matter along as long as possible and hoping for a break. Those of you who are lawyers know that frequently the mere passage of time can cure sticky problems.

From all this it is evident that the Department finds itself entangled in a legal bramblebush. In my opinion, it will take many years and perhaps decades before the Department can extricate itself, and most likely the Department will invoke what some lawyers facetiously call the doctrine of sleeping dogs.

Each company will, of course, have to make its own evaluation of the potentiality of a meaningful oil shale leasing program, and whether such leases will be granted on terms that would create a competitive disadvantage to companies which have launched an oil shale development program on private lands. Personally, I believe that a company could justifiably risk such development under the circumstances I have outlined. Undeniably, it will require bold action on the part of industry, but it would quash the whispers and innuendoes to the effect that "industry really does not want oil shale development, that all industry wants to do is tie up oil shale lands to either prevent competition or hold them for development in the distant future." One group is, apparently, proceeding to make its development on private lands. Its management must feel that the risk is justifiable.

In the final analysis then, only industry can answer the question: "Shale oil" to be or not to be? But it might be helped by a Secretary of Interior, aware of the realities of fuel supplies and future needs, whose philosophy of resource administration was less fuzzy and more courageous.

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the period for the transaction of routine morning business be extended for 5 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the time allotted to the Mundt amendment not expire until 1:15 p.m. today.

The PRESIDING OFFICER. Is there objection?

Mr. MUNDT. Mr. President, no objection.

The PRESIDING OFFICER. There being no objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the period for the transaction of routine business be extended an additional 5 minutes beyond that which was included in my request made just a moment ago.

The PRESIDING OFFICER. Is there

objection? Without objection, it is so ordered.

Mr. MUNDT. Mr. President, making a total of 10 minutes?

The PRESIDING OFFICER. Yes.

NATIONAL JEWISH HOSPITAL SAVE YOUR BREATH MONTH

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1002, House Joint Resolution 933.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A joint resolution (H.J. Res. 933) to proclaim National Jewish Hospital Save Your Breath Month.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on the Judiciary, with an amendment, on page 1, line 8, after the word "designating", strike out "May" and insert "April".

Mr. DOMINICK. Mr. President, chronic respiratory disease is continuing to increase in the United States in spite of all the advances of modern medicine. To assist in alerting people to the seriousness of these diseases, to emphasize the importance of early detection, and to inform the public of the medical knowledge and research underway in this field—these are the goals of the National Jewish Hospital Save Your Breath Month.

The resolution reported by the Senate Judiciary Committee (H.J. Res. 933) is the companion measure from the House of Representatives to Senate Joint Resolution 127 which I introduced with 32 cosponsors on December 5, 1967. It authorizes and requests the President to designate April 1968 as National Jewish Hospital Save Your Breath Month.

At the time of introduction of the Senate resolution, I spoke at some length on the fine work, nationally and internationally, of the National Jewish Hospital not only in treatment but in research, education, and rehabilitation. The National Jewish Hospital operates as an extension and an addition to the medical and research facilities of every community in the land. The hospital has given more than 5 million days of free treatment to patients from some 6,000 communities throughout the Nation. The cost of care available at National Jewish Hospital—a cost which would otherwise be borne by the communities from which patients come—neared \$5 million for fiscal 1965-66.

Its admission requirement "None may enter who can pay—none can pay who enter" is known around the world.

Mr. President, chronic respiratory diseases now constitute the major single cause of time lost from work or school and rank fourth in the cause of death. Tuberculosis, asthma, emphysema, and other pulmonary cripples now afflict more than 10 million Americans, killing an estimated 160,000 a year.

Tuberculosis, still the world's No. 1 in-

fectious disease, continues in this country and abroad despite efforts to eradicate it. An estimated 1.5 billion persons—half the world population—are believed to be infected with the germ of tuberculosis. Some estimates are that 30 million Americans now carry the inactive germ. New, active cases are reported at the rate of 50,000 a year. Americans still die of tuberculosis—about 8,000 annually.

More than 4 million suffer from asthma in the Nation. Asthma kills 4,000 people a year.

Approximately 3 million people are suffering from emphysema, a disease of irreparable lung destruction. The Social Security Administration reports the disease disables more than 15,000 workers every year.

Emphysema and chronic bronchitis have sprung from relative obscurity into grim prominence as killer diseases, taking a total of 20,000 lives a year in the United States.

National Jewish Hospital Save Your Breath Month will serve as the focal point of a comprehensive educational campaign to meet the challenge of these tragic cases. I earnestly urge the adoption by the Senate of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The joint resolution is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the joint resolution.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time, and passed.

WORDS OF WISDOM(?)

Mr. YOUNG of Ohio. Mr. President, Gen. William C. Westmoreland in June 1964, in Vietnam said:

I don't see any reason for expansion of the U.S. role in Vietnam. I am optimistic and we are making good progress.

General Westmoreland, in July, 1964, in Vietnam stated:

This is a place where the reputation of the United States and its Armed Forces is on the line. I believe the whole operation is moving in our favor.

General Westmoreland, in April, 1965, addressing American troops said:

Your country is beginning to win the war. You have to win it in the south by carrying the war to the Vietcong. This is the time to be more aggressive and take the offensive.

This, from the same commanding general whose Armed Forces including even the Marines, were and are on the defensive everywhere in South Vietnam.

Never before in the history of our country has any general done so little with so much.

General Westmoreland, throughout the latter part of 1967 and until he was relieved of his command in March 1968, had under his command in Vietnam 525,000 U.S. fighting men, in addition 50,000 Republic of South Korea fighting

men, in addition more than 7,000 Australian and New Zealand combat troops, and in addition 45,000 U.S. servicemen in Thailand, mostly men of our Air Force engaged in bombing targets in South Vietnam and also north of the demilitarized zone in the Hanoi area and elsewhere in Vietnam. In addition, he also had at his disposal one-third of the entire naval power of the United States off the shores of South Vietnam, adding tremendous firepower to our bombers and artillery.

Yet, throughout January, February, and March 1968 our Armed Forces, even the Marines, have been on the defensive everywhere in South Vietnam. Then, on February 1, 1968, in Saigon following the VC Tet offensive, General Westmoreland stated:

This was a deceitful and treacherous act of the enemy.

To this Secretary of State Dean Rusk would undoubtedly add his oft-repeated silly statement:

The VC perpetrated a treacherous sneak attack in the darkness of the night.

On Christmas night of 1776, Gen. George Washington in the darkness of the night in the midst of a blinding snowstorm crossed the Delaware River, leading his Continental Army of 8,000, most of them without overcoats and many without shoes. He marched this small force of patriots 8 miles to Trenton and delivered a surprise attack upon the drunken and bewildered Hessian mercenaries still celebrating Christmas or in a state of drunken slumber. Their commanding officer, Colonel Rahl, recovering from a midnight celebration of drinking and gambling, dashed out from his quarters to rally his men. He was killed. More than 2,000 Hessians in the service of King George III were captured. General Washington's soldiers, following this victory, had shoes, overcoats, and muskets, and shortly thereafter went on to win the Battle of Princeton. American historians have hailed General Washington's surprise attack and victory at Trenton as the turning point of the Revolutionary War.

Still, Secretary Dean Rusk constantly talks about aggression from the north, ignoring altogether the fact that the Geneva Agreement of 1954 specifically stated that the 17th parallel demarcation line separating Vietnam into two parts was simply a temporary demarcation line and was not to be regarded as a national boundary. Then, if any credence is to be given to his and General Westmoreland's stupid statements regarding deceitful, treacherous acts by the enemy, they are trying to rewrite American history, as it follows that they must term General Washington's victory at Trenton and his valiant crossing of the Delaware River in the darkness and snow and ice of Christmas night and charging the Hessians "a deceitful sneak attack."

General Westmoreland's last request before being relieved of his command was "for 200,000 more GIs" to be sent to Vietnam. Apparently, our new Secretary of Defense, Clark Clifford, did not exude enthusiasm. Perhaps he asked, "What have you done with what we already

gave you?" The facts are, never before has an American general done so little with so much.

EXECUTIVE SESSION

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

There being no objection, the Senate proceeded to consider executive business.

DEPARTMENT OF JUSTICE

The assistant legislative clerk read the following nominations:

Edward J. Schwartz, of California, to be U.S. district judge for the southern district of California.

George I. Cline, of Kentucky, to be U.S. attorney for the eastern district of Kentucky.

Klyde Robinson, of South Carolina, to be U.S. attorney for the district of South Carolina.

James E. Atwood, of Washington, to be U.S. marshal for the eastern district of Washington.

Mr. KUCHEL. Mr. President, I am most pleased by the nomination of Edward J. Schwartz as district court judge for the southern district of California. This nomination, which the Senate is about to confirm, marks the high point of an outstanding career of service to his profession, his community, and his Nation.

Receiving his B.A. and LL.B. degrees from California schools, Judge Schwartz practiced law in California for close to 20 years, with the exception of a tour of duty during World War II as lieutenant commander in the U.S. Navy. In 1959, he was appointed judge of the municipal court in San Diego and later, in 1964, superior court judge of San Diego County. During his years on the Municipal and Superior Courts of San Diego, he has amassed a reputation among both judges and lawyers of the utmost competence, fairness, and understanding. Beyond that, he enjoys an impeccable family life.

On the basis of his high reputation and his outstanding qualifications for district court judge, I am hopeful that the Senate will proceed quickly to confirm this nomination. I ask unanimous consent that a brief biography of Judge Schwartz be inserted in the Record at this point.

There being no objection, the biography was ordered to be printed in the Record, as follows:

EDWARD J. SCHWARTZ

Born: 3-26-1912, Seattle, Washington.
Education: 1930-1932, San Diego State College; 1933-1934, University of California, Berkeley, Calif., B.A. degree; 1934-1936, University of California Law School; 1937-1939, San Francisco Law School, San Francisco, California, LL.B. degree.
Bar: 1940, California.

Experience: 1940-1941, Clifford C. Pease San Diego, Calif., Associate; 1942-1945, U.S. Navy, Lt. Commander when discharged; 1946-1947, Cory & Schwartz, San Diego, Calif. Partner; 1947-1959, Price, Nottbusch, Cory & Schwartz, San Diego, California—later

Procopio, Price, Cory & Schwartz, Partner; 10-23-59-2-5-64, Judge of Municipal Court San Diego, California; 1961-1965, Judicial Council of California, Member; 1967, National College of State Trial Judges, University of Nevada, Member of faculty; 2-5-64—present, Judge of the Superior Court of the County of San Diego.

Marital Status: Married, 3 children.
Office: Dept. "5", Superior Court, County Courthouse 220 W. Broadway, San Diego, Calif., 92101.

Home: 3624 Warner St., San Diego, Calif., 92106.

To be United States District Judge for the Southern District of California.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

FOREIGN CLAIMS SETTLEMENT COMMISSION

The assistant legislative clerk read the nomination of Leonard v. B. Sutton, of Colorado, to be a member of the Foreign Claims Settlement Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. TOWER. Mr. President, from the Committee on Armed Services I report favorably the nominations of one general officer in the Air Force and 37 rear admirals in the Navy, and ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations, ordered to be placed on the Executive Calendar, are as follows:

Lt. Gen. Jack G. Merrell (major general, Regular Air Force), U.S. Air Force, to be assigned to positions of importance and responsibility designated by the President, in the grade of general while so serving; and Thomas D. Davies, and sundry other officers, for promotion in the Navy.

Mr. TOWER. Mr. President, in addition, I report favorably 3,050 appointments and promotions in the Navy in the grade of commander and below, as well as 193 appointments in the Marine Corps in the grade of second lieutenant. Since these names have already been printed in the CONGRESSIONAL RECORD, in order to save the expense of printing

on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations, ordered to lie on the desk, are as follows:

Peter D. Abbott, and sundry other officers, for promotion in the Navy;

Eric T. Helland (civilian college graduate), for appointment in the Navy;

Steven L. Bennett, and sundry other Naval Reserve officers, for appointment in the Navy;

Gary K. Anderson, and sundry other Naval Reserve Officers' Training Corps candidates, for appointment in the Navy;

William M. Adney, and sundry other Naval Reserve Officers' Training Corps candidates, for appointment in the Navy;

Donald L. Atchison, and sundry other graduates of the Navy enlisted scientific education program, for appointment in the Navy;

Joseph P. Higgins, Jr. (civilian college graduate), for appointment in the Navy;

James T. Clynes, and sundry other Naval Reserve officers, for appointment in the Navy;

Paul J. Post, U.S. Navy retired officer, to be a permanent lieutenant commander in the Navy;

Franklin S. Allen III, and sundry other platoon leaders, for appointment in the Marine Corps;

Albert M. Bensley, and sundry other Naval Reserve Officers' Training Corps officers, for appointment in the Marine Corps;

William F. Blum, and sundry other U.S. Air Force Academy graduates, for appointment in the Marine Corps.

LEGISLATIVE SESSION

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, how much time remains for the transaction of routine business?

The PRESIDING OFFICER. Two minutes.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business?

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the period for the transaction of routine morning business be extended to not beyond 11:45 a.m. today.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

COMMENDATION OF TREASURY OFFICIALS BARR AND FOWLER

Mr. BYRD of Virginia. Mr. President, I rise to commend the forthrightness of the Under Secretary of the Treasury, Mr. Joseph W. Barr, when he testified this week before the Senate Foreign Relations Committee.

Mr. Barr made it clear that, in his judgment, this country cannot continue indefinitely to fight a costly war in Southeast Asia and simultaneously expand domestic spending. This is in contrast to what other members of the administration are saying.

When Senator SYMINGTON called attention to a statement by former Secretary of Defense McNamara that this country could continue to do both, and simultaneously finance another war like Vietnam, Mr. Barr answered in these words:

I would amend this statement by saying: If we are willing to reduce our standard of living.

Mr. Barr said that his frankness might lead to his being fired or impeached.

We hope not. What Congress needs is more officials of Government who will speak frankly and present the facts as they see them. The White House, Tuesday, seemed to repudiate Mr. Barr's statement, but I for one feel Mr. Barr is right and Mr. McNamara is wrong.

Speaking of the Treasury Department, I want to express warm appreciation for the dedicated service being rendered our Nation by Henry H. Fowler, Secretary of the Treasury. He has a tough, difficult job. He is serving at great financial sacrifice.

There have been matters of policy where I find myself in disagreement with the Secretary of the Treasury and have had to record those convictions in my Senate votes.

But I feel that Mr. Fowler is a victim of circumstances over which he has little control and is forced to deal with problems which are not of his making.

His Government has committed itself to a course of spending beyond its means and Harry Fowler is left with the job of trying to make ends meet when the ends are so far apart that his task approaches the impossible.

So, today, Mr. President, I salute two able, dedicated public officials, Henry H. Fowler and Joseph W. Barr.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I join the Senator from Virginia in paying respects to Mr. Joseph Barr for the courageous statement which he made to the Committee on Foreign Relations. What he stated should have been said by high officials in the administration long ago. In this connection, I ask unanimous consent to have printed in the RECORD a very appropriate editorial entitled "What the President Should Be Saying," published in yesterday's Washington Daily News.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Daily News, Mar. 27, 1968]

WHAT THE PRESIDENT SHOULD BE SAYING

Finally someone near the top in the Administration has had the guts to take the camouflage off the truth concerning our country's financial situation.

In some of the frankest testimony heard on Capitol Hill from an Administration official in many a day, Treasury Under Secretary Joe Barr disputed the long-espoused Administration dogma that we can have guns in Vietnam and butter at home. This, he said, could be done only if we are willing to get down to "the subsistence level of the Russians or someone else."

Touche, Mr. Barr! This has been apparent to many for a long time. But it's encouraging to have someone, even if at the No. 2 Cabinet level, come out and say it—plainly.

And this on a day when President Johnson was telling farm and labor groups how good everything is!

"I'm not saying you never had it so good," the President told the labor group. "But that's a fact— isn't it?"

Mr. Barr even was candid enough to put his finger on what probably is the real heart of our domestic financial woes: The fact that the Government has continuously underestimated what it had to have for military spending.

Mr. Barr said we now face a "back to back" deficit of \$20 billion for the current fiscal year and another \$20 billion for the year beginning July 1, if the surtax doesn't pass. "It's intolerable," he said. "We can't do it."

Mr. Barr called strongly for the Administration's proposed tax increase, endorsed some cuts in Federal spending and pictured, if these steps are not taken, a severe erosion in the purchasing power of the dollar at home and a severe erosion of the international value of the dollar—where the consequences can be even more severe.

All of which is true.

But, with all due respect to Mr. Barr, it would be much more meaningful for the long-term (and short-term) welfare of this country if these words were coming from President Johnson.

The President talked about "austerity" and "belt-tightening" more than a week ago. But since then there have been few, if any, references to "austerity" and certainly no White House-directed moves to cut spending as a measure of inducing Congress to pass the absolutely essential tax increase bill.

We'd wager President Johnson would be pleasantly surprised by public reaction if he'd cut out his campaign oratory about how wonderful everything is and frankly tell the American people and fight for what must be done. And then buckle down and get on with the job himself.

Note: The British stock market has hit new highs since the British government came out with the toughest "austerity" budget in recent history.

It's hard to imagine any different response from the American people.

Mr. BYRD of Virginia. Mr. President, I concur in the remarks of the distinguished Senator from Delaware. I, too, believe that it is high time that more officials of the Government should be speaking out on the very grave problem of financial responsibility facing our Government.

THE VICE PRESIDENT ADDRESSES THE LEGISLATIVE CONFERENCE OF THE BUILDING CONSTRUCTION TRADES DEPARTMENT, AFL-CIO

Mr. HART. Mr. President, this morning Vice President HUMPHREY delivered

a speech here in Washington which I believe should clarify the viewpoint of the administration with respect to the report of the Commission on Civil Disorders.

In remarks to the Legislative Conference of the Building Construction Trades Department, AFL-CIO, the Vice President termed the report "a comprehensive, in-depth analysis of social, economic, and psychological problems facing the American people today."

Mr. President, I ask unanimous consent that this speech by the Vice President be printed in the RECORD at this point in my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS OF VICE PRESIDENT HUMPHREY TO THE 13TH NATIONAL LEGISLATIVE CONFERENCE OF THE BUILDING CONSTRUCTION TRADES DEPARTMENT, AFL-CIO, WASHINGTON, D.C., MARCH 28, 1968

We used to call upon our unions to sustain the rights of labor. Today we call upon them to expand the rights of man. That is the urgent business before America today.

America has adopted a new moral concern. Once it was said that the poor would always be with us. Today we know that poverty is a national shame that can and must be wiped out.

Once many Americans thought a "cushion" of hard-core unemployment was an economic necessity. Today almost all Americans condemn it as a social tragedy and economic waste.

Once slums were considered inevitable in the landscape of industrialization. Today we recognize them as a blight that must be eliminated.

Once many believed that America could comfortably and indefinitely house two societies—separate and equal. Today we know we must create "one nation, under God, indivisible, with liberty and justice for all"—or fail as a free people.

The American labor movement has always played a vital and effective role in helping citizens lift themselves into real citizenship in this country. The free labor movement has been a bridge—a bridge to self-respect and human dignity—for millions of Americans.

Today there are Americans who have yet to cross that bridge. Many of those Americans have skins that don't happen to be white. Some are, in a sense, refugees. They cannot return to the rural poverty from which they or their parents fled. But they don't have the jobs, the skills, the education and training to make their way alone in an America that glitters and shines with prosperity wherever they turn.

Depression in America? Not in my neighborhood or yours. But there are streets and neighborhoods in America today where unemployment or underemployment rates are as high as 35 per cent. This is depression in these streets and neighborhoods.

What happens to the children there?

What will become of them?

What happens to America in the years ahead when the invoices of poverty and discrimination in these streets and neighborhoods come due for payment by our society as a whole?

The recent report of the National Advisory Commission on Civil Disorders tells the story of these streets and neighborhoods.

So there will be no misunderstanding, I want to make it clear once and for all: I believe the more important and principal conclusions of the report are right. I commend the report and thank its authors.

This report is a full diagnosis of the urban crisis. It is a comprehensive, in-depth analy-

sis of social, economic, and psychological problems facing the American people today. It is not an obituary for a dead society. It is a health report on a nation in turmoil, ferment and change. It documents the challenges facing a country striving to overcome generations of discrimination, alienation, and deprivation, and does it well. Most importantly, the Commission's report calls for a national commitment of physical and human resources commensurate to this challenge.

Federal government must and will make its contribution to this effort. Much has already been achieved at the federal level. President Johnson's messages to the Congress this year—especially those dealing with manpower, the urban crisis, and law enforcement and crime control—stand as a major first installment on the principal recommendations of the National Advisory Commission.

But this national commitment requires far more than action by the federal government . . . and more than new laws to abolish segregation and guarantee equal opportunity. It requires determination on the part of state and local officials—mayors, chiefs of police, city councils—that justice shall be available to every citizen. It requires fair attitudes and fair practices—fair human relations on the part of every citizen.

There are things that can be done now in every city, in every industry, in every community to affirm the American promise of full and equal opportunity.

The poor and left-out of America need to know that the war on poverty is more than a federal government activity . . . and that all of us, as people, mean to wage this war with all our hearts. They need to know by action and deed that community services, for instance—yes, city services—will be brought to them just as to us.

It is a fact that in the areas of our urban centers, that are poorest, the municipal services are likely to be the worst. That is where the garbage is collected least often. The schools are often obsolete and ramshackle. The playgrounds and park services are inadequate or nonexistent. The incidence of crime is highest . . . but law enforcement is poorest. Parking tickets are given out right and left . . . but seldom a ticket for a building code violation.

But more than that, the poor and leftout need the positive and affirmative help of all Americans in finding work . . . in finding skills . . . in finding hope. They have heard, all their lives, America say "no." Today they must hear America say "yes." In so doing we will be acting to prevent the separation of our beloved America into two separate and unequal societies. That separation need not happen. It must not. It will not, if we respond by saying "yes."

Now I know you have begun to do your share, and I congratulate you.

In programs like those of the Operating Engineers in Jacob's Creek, Tennessee, and in Northern California, union men are training inner city young people to enter the trades. And these young people are being placed on the job—not on the street.

I am proud of the exchange of letters between President Haggerty and Secretary Wirtz—pledging the support of 3 and a half million buildings trades workers in efforts—and let me quote them—"efforts to eliminate, once and for all, discrimination on the basis of race, color, creed and national origin."

Your pledge is really America's pledge. America is saying "Look, this can work. These free union people know the problem and they are working toward solutions."

I have worked with America's unions for a long-time. I know what your pledge means. But do the people you want to help know? After all, they have heard pledges before . . . some of them as old as our nation—like the promise of equal opportunity for every man. And some of those pledges have yet to be

fulfilled. They know the system as it has been. A crew goes off on a job. And there is a low man . . . the one the crew picks up on one of the "shape-up" street corners in town.

Maybe that man "makes it" well enough to be part of the job tomorrow. Maybe he doesn't. Maybe there is no job tomorrow; or the crew is heading in a different direction, past a different "shape-up." Or maybe, because he long ago lost hope, the man just isn't there at all.

The building trades are not the only ones where this is the way it is. And generations of other immigrant populations have endured the same. There are many of you who can recall that this burden seemed lighter when you could come to believe that eventually things would be different.

The hand that mixes the "mud" or carries the pails or lugs the pipe or sorts the lumber—nothing ordains that hand be black.

The hand that welds the hawk or planes the chamfer or connects the wire—nothing ordains that hand be white.

The man who seems to drift on the perimeter of the job—the "add-on" . . . nothing ordains that man be black.

The man who seems to know what's going on . . . the man in charge . . . in fact, the man they call "The Man"—nothing ordains that man be white.

We should ask only one question: Does he have the necessary skills for his job? And has he been given an equal chance to acquire these skills?

It is the nature of labor demand today that primary job opportunities for thousands of our poor people will continue to be in the construction trades in our cities.

With your help, that demand can provide a bridge for today's left-out Americans, just as it has for other waves of migrant peoples who have found a bridge to the American way of life through the building trades.

Today's migrants into the mainstream of America may have some special disadvantages—ones our society has imposed upon them.

But you have done the job before when new generations of Americans needed a helping hand—and I know you can do it again.

We can help to build streets and neighborhoods and cities where children grow up straight and honest and strong.

We can show the world what Americans can do—when they roll their sleeves up. This is my job. This is your job.

The sign President Truman used to keep in his office tells the story: "The Buck Stops Here."

This is the Administration that is pledged to 500 thousand jobs for hard-core unemployed.

This is the Administration that has invested twice as much in education in the last four years as the federal government invested in the previous century.

This is the Administration that is investing three times as much in health programs in 1968 as was invested in 1964.

Our Administration—it is yours as much as mine—has offered a new Charter of Hope to millions of left-out Americans.

Our Administration is an opportunity Administration. It is a life-saving Administration.

It is an Administration that says: Give every man a chance.

Judge him by what he can do—not where he was born or what his name is.

It is an Administration that says: We are going to build this country so strong and so free that no one will ever shake it down.

Now America is about to negotiate a new four year contract—and that contract won't be subject to renegotiation. America will choose between a Republican candidate—you know him, Mr. Richard Nixon, and a Democratic leader—certainly President Lyndon B. Johnson.

America will choose between the old, familiar Republican Coalition of Retreat and your President and your policies—a President and policies that have moved America ahead farther in the last four years than in any previous decade.

We have been partners in politics and partners in progress for a long time. Now is the time we must make that partnership work—on the job, in our neighborhoods . . . on behalf of the President who stands for what we stand for. We have done it before. And we have won. We can do it again.

I ask your help.

MORE SOPHISTICATED WEAPONRY TO INDIA FROM THE SOVIET UNION

Mr. SYMINGTON. Mr. President, I ask unanimous consent that an article entitled "India Keeps Mum on Deal for Soviet Planes and Subs," written by Ernest Weatherall, and published in the Christian Science Monitor of Saturday, March 23, be inserted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, Mar. 23, 1968]

INDIA KEEPS MUM ON DEAL FOR SOVIET PLANES AND SUBS

(By Ernest Weatherall)

NEW DELHI.—Indian officials are maintaining a stony silence about reports that they have received 100 planes and soon will get four or five submarines from the Soviet Union.

The story that New Delhi would receive the planes originated in Washington. It reported that the Soviets were sending India SU-7 jet fighters, but there has never been any official confirmation of the story.

The SU-7 is a single-seat ground-attack fighter, named after its Soviet designer, Pavel Osipovich Sukhoi. It is not a new plane. It was seen first in the Soviet Union on "Aviation Day" in 1956. It was later observed in the Berlin area, and has been supplied by the Soviets to Poland and Czechoslovakia.

There are several versions of the SU-7. The one the Russians may be sending or have already sent to India carries four Soviet air-to-air missiles, and is equipped with a 30mm. cannon.

India no doubt would use the SU-7 for close air support, which is what it was designed for, and leave high-altitude fighting to the Russian-built MIGs in its Air Force.

BREAKDOWN DEBATABLE

A plant built with Soviet aid in South India has just gone into the production of MIG fighters. There is a question, however, on how much of the jet fighter is actually being manufactured in India, and how much in the way of prefabricated material and turbine components is being received from the Soviet Union to be assembled.

When Soviet Premier Alexei N. Kosygin was the guest of honor during the Republic Day parade, he not only saw MIG fighters and Soviet transports during the fly-over, but the first Russian-built SAM missile shown to the public. The latest components of the SAM were not in the parade since they are still classified.

Most of the secrets of the SAMs were learned last June when the Israelis captured an Egyptian SAM base during the Middle East war. The Arabs had not fired a single missile nor had made any attempt to destroy the base before abandoning it.

Western intelligence experts were able to learn what modifications had been made so that SAM missiles could operate in the heat of the desert and under other tropical conditions.

During the Indo-Pakistan war in 1965, it

is said here the Russian-built SAM missiles, which ringed India's large cities, saved them from being bombed by the Pakistani Air Force. The Pakistanis were said to be so impressed with the Soviet assertion that the U-2 (which left on its overflight from a base in Pakistan) was shot down over the Soviet Union by a SAM missile, that they stayed clear of targets in India protected by them.

COMPLAINTS AILED

As for the four or five submarines the Soviet Union is delivering to India, New Delhi has never denied the report. What has not been released is whether India is paying hard currency for the subs or has made some deal with the Russians to allow their warships to use Indian bases.

Recently the Soviet Navy Chief, Adm. Sergei Gorshkov, made a 10-day tour of India as part of his effort to line up a worldwide system of ports of call and bases for his navy. He hoped to persuade India to allow Soviet warships to pick up fuel or make repairs in Indian ports.

There is no doubt that since India's fleet is too small to fill the vacuum in the Indian Ocean when Britain pulls out in a few years, the Russians will want to come in.

India defends its turning to the Soviets for help in building up its armed forces. "After all," one general said, "You (the United States) wouldn't sell us any fighter planes or military equipment after the war with Pakistan, so we turned to the Soviet Union."

This is echoed by Pakistan, which perhaps has an even bigger complaint. After having geared their entire defense to American hardware, they found, because of the Indo-Pakistan war, that the United States would not sell them any spare parts for their equipment.

"Our American friends let us down," said one Pakistani official, "but we found the Chinese were willing to help us. It is as simple as that."

The first submarine ordered by India is expected to arrive from Russia by early spring. The Indian Navy's frigate "Talwar" left early in February for the Baltic port of Riga to escort the sub back. To be called the "Kavari," the sub is a conventional model and will have to be refueled by the "Talwar" during its journey.

WEAPONS YIELD A PEACEFUL FALLOUT

Mr. ANDERSON. Mr. President, last November the Atomic Energy Commission established an Office of Industrial Cooperation at Sandia Laboratory in Albuquerque to assist industry in obtaining unclassified technical information growing out of AEC research and development. Having been involved in the negotiations for this effort, I was extremely pleased. Last week Business Week carried an article noting the substantial progress that has been made the first 6 months of the program. There is little doubt that Sandia Laboratory has shown once again that it merits the broad reputation it has attained over 18 years as one of the AEC's prime contractors.

I ask unanimous consent that this article, "Weapons Yield a Peaceful Fallout," be reprinted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WEAPONS YIELD A PEACEFUL FALLOUT

For 18 years, Sandia Corp.'s outcropping of buildings on a sun-baked New Mexico plain between Albuquerque and the Manzano Mountains has been a center of top-secret

nuclear research. Most of the hardware for U.S. nuclear bombs and missiles was designed there, and Sandia has handled much of the instrumentation involved in nuclear weapons testing.

Sandia is still a vital part of the U.S. defense industry. But today its research is beginning to flow into industry at a quickening pace.

In the process of this "spin-off"—distributing new, unclassified technical information of use to industry—Sandia has in the past six months announced four developments that could have wide commercial application:

A technique for studying sub-surface soil layers by plunging instrumented projectiles into the ground from aircraft. Called terra-dynamics, its most important use may be for quick preliminary surveys for construction projects in remote areas.

An improved computer program, ACCEL MOD 1, to automate the intricate task of designing and drawing electronic circuit cards.

A simple-looking engineering principle called Rolamite, with applications as diverse as toys and thermostats. It is based on two movable cylinders held together in an S-shaped loop of a flexible band. The forces acting on the cylinders can be altered by changing the shape of the band.

A new breed of ferroelectric ceramic memory element for computers. It promises a massive increase in computer capacities. In addition, its light-transmitting property could open the way for flat, hang-on-the-wall TV screens.

This list includes only the outstanding developments that have emerged from Sandia's labs in Albuquerque and Livermore, Calif.

"We have no plans to go out and compete with commercial industry and commercial laboratories in their normal products," says Sandia President John Hornbeck. But having accumulated a growing body of unclassified technology, Sandia is faced with the job of releasing it.

Hush-hush. Not that Sandia is wide open. Most of its work is still classified, as it has been since its founding in 1949 as a subsidiary of Western Electric Co. Sandia labs are operated on a no-fee, no-profit contract, worth nearly \$203-million last year, with the Atomic Energy Commission.

The big question now is how Sandia should release the unclassified information it has available.

OPENING THE DOOR

Sandia has long channeled information through the AEC's Div. of Technical Information Extension and, since 1964, through the Commerce Dept. Clearinghouse for Federal Scientific & Technical Information. It has also made information available directly to its contractors. In addition, it has relied on the conventional method of disseminating information through professional and trade journals.

Nonetheless, Sandia failed to reach a major spin-off market: the small businesses and laboratories whose staffs are too small to cope with the deluge of technical information pouring from government sources.

Hornbeck illustrates the problem with an analogy. "Have you ever tried to take a sip from a fire hydrant?" he asks. It doesn't work. You need some mechanism between the hydrant and you that puts the water in quantities you can take.

It was in effect to create such a mechanism that Sandia set up a two-man Office of Industrial Cooperation last September. It is the third such office at an AEC lab, the others being in Chicago and Oak Ridge Tenn.

Dilemma. William J. Hudson, one of the two men who run the office, says, "Perhaps the best way to transfer information is face to face meetings between scientists." But if Sandia were to send out scientists to do this it would risk incurring charges of favoritism.

Faced with this dilemma, Sandia decided on a different course. It assesses all requests for a certain type of information. It publishes everything it can on the subject. And it invites everyone who has inquired about the topic, as well as anyone else who might have an interest in it, to a seminar.

But Sandia steers clear of giving specific advice on how any of its discoveries might be applied. Reason: It might be wrong, and small companies that relied too heavily on Sandia's advice might be forced out of business.

Cooperation. The Office of Industrial Cooperation also relies on technology utilization conferences sponsored by the AEC, the National Aeronautics & Space Administration, and the Small Business Administration. Hudson says that the SBA "has a real lively interest in seeing if it can't get small businessmen to use these resources."

Sandia works closely, too, with a NASA regional dissemination center and a local information office set up under the government's State Technical Services Act. Both are in Albuquerque.

"One very important aspect of spin-off is the transfer of technical knowhow as opposed to written information," says Hudson. To transmit what he calls "this nitty-gritty technical dope" on problems at the shop level, Sandia has joined the AEC/NASA Tech Brief program of publishing detailed technical information. To date, Sandia has contributed about two dozen fact sheets.

Another spin-off route was adopted for ACCEL MOD 1. The taped program, a manual, and 1,300 pages of microfilmed documentation have been made available for purchase through COSMIC, the NASA Computer Software Management & Information Center, at the University of Georgia.

The recent flurry of announcements of technical information coming out of Sandia are partly the result of what Hornbeck calls a "statistical fluctuation." He predicts, however, that "if we are good enough technically, those things will come up continuously."

In the final analysis, Sandia's main job, accounting for 85% of its activity, is directly related to the nation's nuclear arsenal. Its task is twofold: To design and monitor production (by contractors) of the non-nuclear components of nuclear weapons; and periodically to inspect the stockpile of nuclear weapons to make sure that they are in functioning order and will not explode accidentally.

The nuclear test ban treaty that outlaws all but underground tests has meant more rather than less work for Sandia, as far as calculating weapons requirements is concerned. Instead of basing its estimates directly on results obtained from atmospheric testing, it must now extrapolate the results of underground nuclear explosions or use laboratory and mathematical models.

Pressures. The endless technological one-upmanship of the cold war adds constant pressure for results on Sandia's 8,200-member work force. This includes a graduate technical staff of 2,226 engineers and other scientists and 1,774 technicians. The rest are administrative personnel.

In addition to its work with nuclear weapons, Sandia is engaged in a variety of non-weapons government projects. They include:

Providing technical direction for the AEC's program to develop radioisotope-powered systems for space missions. Currently, lab personnel are exploring safety factors of Snap (Systems for Nuclear Auxiliary Power) for use in space vehicles.

Developing logic systems for the Air Force's Vela satellites, orbited to monitor nuclear explosions in space. It has also developed an Unmanned Seismic Observatory (USO), capable of operating underground for 120 days at a stretch, to detect underground nuclear tests.

Studying cratering and airblast effects in Plowshare, the AEC's program for peaceful use of nuclear explosions.

These weapons and non-weapons projects mean pressing the frontiers of science in a wide range of subjects. And they mean also that Sandia is constantly influencing its industrial contractors to adopt new techniques and ever-rising quality control standards.

Applications. For example, an urgent industry need for dust-free rooms in which to make microminiaturized electrical and electronic components led Sandia to develop a new type of "clean room." This uses the laminar flow principle—air wafted in flat layers through a filtered ceiling and out through a gridded floor. About 300 rooms and 50,000 work stations operating on the principle now exist in the U.S.

Two future spin-off prospects are also linked to computers. One is a technique for producing animated color movies by photographing the computer output, displayed as a picture on a conventional cathode ray screen, while flipping a color wheel inside the movie camera. The second is Vista (for Verbal Information Storage and Text Analysis), in an experimental program in Fortran computer language for quick references in a mass of documents.

Priorities. In patenting new developments, the AEC has first crack at Sandia discoveries. AEC's normal policy is to patent an item only if it sees a future need to use the item itself. Western Electric has rights next in line to the AEC but, says a Sandia spokesman, "they've never exercised it."

Third down the list is the inventor himself, and several at Sandia have taken the opportunity. In addition, AEC-patented devices may be manufactured under royalty-free, non-exclusive, revocable licenses. Under this clause, for example, Rolamite inventor Donald F. Wilkes has left Sandia and is now in business as vice-president of Rolamite Technology, Inc., of Albuquerque and San Francisco.

Hornbeck says frankly that Sandia is striving for the same reputation for excellence as that enjoyed by Bell Telephone Laboratories. Now 49, Hornbeck joined Bell Labs as research physicist in 1946, rising to become president of Bellcomm, Inc., in 1962. He has been president of Sandia since Oct. 1, 1966. "I have a very healthy respect for the need for exploratory research and development—good, solid science and technology," he says. "It may not be spectacular as long as it's good—useful."

Goals. A Bell-style loose rein is the key to Sandia's handling of its research staff, which includes nearly 300 Ph.D.s. The most creative ones, about 15% of the total, are given great work freedom, says Thomas B. Cook, vice-president for research. The others are set in "critical groupings" of common interest.

"In a way, the strength of a place like this, as opposed to university, comes about by those groupings," Cook says.

On the outlook for Sandia's research, Hornbeck compares the prospects with those of Bell Labs.

"I don't think there is a much more productive outfit (than Bell) on earth," he says. "I think Sandia is approaching that class."

GOVERNOR BURNS ADDRESSES THE 442D VETERANS CLUB

Mr. INOUE. Mr. President, it was my privilege to serve in World War II as a member of the 442d Infantry Regimental Combat Team in France and Italy.

The 25th anniversary of the 442d Veterans Club made up of surviving members of that unit was observed in Honolulu on Saturday, March 23, 1968. Gov. John A. Burns, of Hawaii, was the featured speaker on this occasion. If there are no objections, I would like to have the full text of his remarks printed in the RECORD.

There being no objection, the address

was ordered to be printed in the RECORD, as follows:

ADDRESS BY GOV. JOHN A. BURNS, BEFORE THE 442D VETERANS CLUB, 25TH ANNIVERSARY BANQUET, ILIKAI HOTEL, MARCH 23, 1968

It is a singular honor and a genuine pleasure to be with you of the 442d Veterans Club of which I am privileged to be an honorary member, and with your wives and guests.

I know that all Hawaii takes great pride in the many accomplishments you of the 442d have made in the two-and-a-half decades since your combat team was organized. You know, of course, that I take a great deal of personal pride in your achievements—both as an organization and as individuals. One of your number today occupies an important seat in the United States Senate and is a leader in developing our national goals and policies.

Many of you have attained high success in other areas of government activity, in the professions and in countless other callings.

Your post-war record is indeed as illustrious as your impressive wartime achievements.

There has been much water passed under the bridge since that day in 1943 when you marched off to war.

Hawaii has changed almost unbelievably in many ways since then—in our social, political and economic life of our Islands.

You have been a forceful factor in bringing about these changes—changes that have brought about a better society for your children to grow up in.

It's been a long time; and I know where your hearts are on this auspicious occasion.

They are 25 years and 9,000 miles away, in Italian towns whose names I can hardly pronounce: Montemarano, Castelvetere, Chiusano, Civitavecchia, Cassino, and the Arno River. Your memories go back to French towns and German towns and to the jungles of Burma and other areas of the Far East. The hazardous trials of that faraway war have faded with time, but I am sure you remember little things, and the strange places and faces of Europe of 1943.

Your hearts and minds also go back to a Hawaii of 1942 which now seems incredible for the injustices your parents and yourselves were subjected to after the bombing of Pearl Harbor.

But you recall the thrill of President Franklin D. Roosevelt's declaration permitting you to serve in the Army of the nation which distrusted you, but which you loved. How ironic it is that you had to plead for your right to defend your own country.

You remember the strangeness and difficulty of military basic training. You remember the ship which took you to the West Coast; the train ride to Camp Shelby, Mississippi; the ocean voyage to Salerno, the landings, and the first blood shed by the 100th Battalion.

You remember Sergeant Joseph Shigeo Takata of Waiialua, Oahu, killed by mortar shrapnel at a bend of a muddy mountain road near Chiusano. He was the first of your magnificent organization to give his life for the United States.

You remember Private Keichi Tanaka, born in Waimanalo. He was the second to die on that first day of battle for Hawaii's Nisei. He was killed by a German 88-millimeter shell.

It is wholesome that we remember the dead, particularly those who freely gave the sublime gift of their young lives to our country in its hour of need.

During another trying period in our history, when our Nation stood divided in open warfare, President Lincoln aptly described our reverence for those victims of all battles in all wars. He said: "It is for us the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced."

It is our tragedy today that the work of

the Takatas and the Tanakas remains unfinished. It is a deep personal sorrow for me, and for many others in our State, that our young men still die on foreign battlefields, that there is still so much suffering and loss of life for so many people throughout the world.

Today it is Vietnam, described in one book as "one of the most controversial, complicated and confusing foreign policy issues ever to face the United States."

But despite all the controversy, confusion and complications, one thing is clear to me, and to millions of others. It is what President Johnson has repeatedly and patiently explained, after the most searching examinations of conscience and the most diligent, and exhaustive study.

In Vietnam, we fight a bitter struggle that is in many ways similar to that you fought and won more than two decades ago in Europe.

We fight in defense of a people who seek to preserve their own way of life and their own ideas of governmental freedom against those who would fit them into the totalitarian mold.

We fight because we gave our solemn national pledge to support the freedom of those people.

When we gave that pledge, we did not say, "until the cost becomes too high."

We did not say that our promise is good only until the going gets rough.

We pledged that we would support our allies through all hardship and conflict, and even though that pledge was given by our predecessors, we honor it because it is the pledge of our Nation and our people.

Now the going is very rough—the cost is very high—and the eyes of all Asia and, indeed, all the world are upon us to see whether or not we will keep our word.

There are honest and conscientious men in our Nation who believe that the policies of our President are wrong—that we should back out in the face of the rough going and leave the people of South Vietnam to the mercy of their enemies.

I believe that is a short-sighted view, and I also believe it is an inhumane view. I further believe that millions of Americans stand solidly in support of President Johnson to carry on in this conflict until an honorable and acceptable peace can be secured.

It seems to me that any other course would be unthinkable and immensely tragic.

I share the confidence of President Johnson in our Nation and in our people that we will keep the faith with our friends and do our utmost to protect them from their enemies and our enemies.

But now, let us turn our thoughts to Hawaii again—the Hawaii we have built together.

We have spoken of the gains achieved by all our people since the time when you went off to war, and they are tremendous.

I think it is well for us to consider where we are and where we go from here.

We can and we should take pride in our progress to this point.

In many significant ways, our State is among the leaders of our Nation.

In spite of a few allegedly exclusive social clubs, we now enjoy a society in which all elements are free to participate as they please.

We have established an atmosphere in our economic life that has encouraged investment without discouraging or in any way hampering the processes of collective bargaining.

As a result, more of our people enjoy a better life than ever before, and we are doing more to assist the underprivileged than ever before in our history.

Our destiny as a meeting place between East and West and as a center of culture and learning and of commerce in the Pacific has been recognized widely both nationally and internationally.

As you know, I feel very strongly about our East West function—I do dislike the word "image"—and I feel that any move diminishing that function is a mistake.

For that reason, I have opposed measures that would restrict or label our visitors or put a price tag on our Aloha.

For that reason, too, I vetoed a bill to triple the tuition at the University of Hawaii for non-resident students.

My interest was primarily in the welfare and the education of our own students of local origin.

We are in the process of building a great university, and I do not propose to impede our effort by the erection of barriers that are really the mark of penny-pinching provincialism.

We must always remember that we are setting the stage for the future, and we must set it as best we know how.

In three relatively short decades, we have brought Hawaii from the status of a social, political and economic oligarchy to a position of leadership in the United States.

This was the achievement of a vigorous and dynamic people, equipped with a background of culture, knowledge and human understanding unrivaled anywhere in our Nation.

Can we doubt that the coming years will see equally profound changes?

Certainly we must afford our coming generations the best opportunity available.

Already, we know that we in Hawaii are destined to play an important role in the future developments in oceanography and space.

Already, we know that we have the potential of becoming a cultural Athens and a commercial Venice of the Pacific.

We know that our young people of today have broader horizons, higher ambitions than ever before.

It is for us to discover those ambitions and those desires so that we may direct and implement them into the paths of progress.

More than 20 years ago, you accepted the challenge to fight for a Nation which, although it was your nation, had offered you little.

You have today realized the rewards of that effort for yourselves and your children.

I know you will also accept the challenge that confronts us all today—of continuing the building process and setting the stage for a future in which all the people of Hawaii realize the rewards our destiny has in store.

Mahalo.

HUMAN RIGHTS CONVENTIONS GIVE CONCRETE MEANING TO UNIVERSAL DECLARATION ON HUMAN RIGHTS

Mr. PROXMIER. Mr. President, 192 years ago a document which put dread in the hearts of all tyrants was conceived and written on these shores. This Declaration proclaimed that "all men are created equal, that they are endowed by their Creator with certain unalienable rights."

Such was the Declaration of Independence on which this country was founded. But our forefathers soon learned that words were not enough. It is never sufficient merely to talk about equality and rights. For no matter how eloquent our speech, we must back up our words with action.

Having declared their belief in human equality and fundamental rights, our Founding Fathers backed up their words with deeds. The spirit of the Declaration of Independence was translated into law in our Constitution.

Now it falls to us, the Senate of the United States, to renew the commitment

made by our forefathers. It remains for us to renew our Nation's longstanding faith in the equality and the rights of men. I urge the Senate again to ratify the Human Rights Convention on Forced Labor, Political Rights of Women, and Genocide. By so doing, we will give concrete meaning to the Universal Declaration on Human Rights to which we have been committed since 1948.

RESOLUTIONS OF THE OKLAHOMA LEGISLATURE IN SUPPORT OF OUR POLICY IN VIETNAM

Mr. MONRONEY. Mr. President, the rising tempo of political developments and the intensity of the noisy dissent as we move into this campaign year may seem to suggest that the American people do not support our policy in Vietnam. Yet, in my own State of Oklahoma, I know that the great majority do stand firmly behind our President and our fighting men.

I invite the attention of Members to the identical resolutions adopted last week by each house of the Oklahoma Legislature. They were sponsored by all 48 members of the Oklahoma Senate and by nearly one-half of the 99 members of the house. The vote in each house was unanimous.

The resolutions express strong support for our present policy and urge that it be followed through to an honorable conclusion, and they express "confidence and support for President Johnson and the U.S. military and civilian forces in their valorous effort in the preservation of freedom."

Mr. President, I ask unanimous consent that these resolutions be printed in the Record at this point. I can assure the Members of this body that these resolutions truly reflect the opinion of the great majority of Oklahomans in urging steadfast support rather than extreme military action or withdrawal for "peace at any price."

There being no objection, the resolutions were ordered to be printed in the Record, as follows:

SENATE RESOLUTION 79

Resolution expressing confidence in and support for President Johnson and the United States military and civilian forces in Vietnam; recommending the continuation of military operations through to an honorable conclusion; and directing distribution

Whereas, this Nation, as the leader of the "free world," is presently being called on to commit military supplies and fighting men in Vietnam for the protection and preservation of freedom and for the prevention of world Communist domination; and

Whereas, Communist aggression in this small country or in any country cannot and should not be tolerated; and

Whereas, the policy presently being pursued in Vietnam by the Commander in Chief and the military and civilian forces appears to be the only plausible approach for the protection of our national interest and the interest of all the free world; and

Whereas, the policy of military operations should be followed through to an honorable conclusion; and

Whereas, President Johnson and the United States Military and Civilian Forces in Vietnam deserve and should have the undivided support of all.

Now, therefore, be it resolved by the Senate

of the second session of the thirty-first Oklahoma Legislature:

Section 1. The Senate of the Second Session of the Thirty-first Oklahoma Legislature does hereby express confidence in and support for President Johnson and the United States Military and Civilian Forces in their valorous effort in the preservation of freedom, and does hereby recommend that this policy be pursued through to an honorable conclusion.

Section 2. That duly authenticated copies of this Resolution, after consideration and enrollment, shall be prepared for and sent to President Johnson, the Secretary of Defense, to each member of the Oklahoma Congressional Delegation, and to each member of the U.S. Senate Foreign Relations Committee.

Adopted by the Senate the 20th day of March, 1968.

CLEM McSPADDEN,
President Pro Tempore of the Senate.

HOUSE RESOLUTION 623

Resolution expressing confidence in and support for President Johnson and the United States military and civilian forces in Viet Nam; recommending the continuation of military operations through to an honorable conclusion; and directing distribution

Whereas, this Nation, as the leader of the "free world", is presently being called on to commit military supplies and fighting men in Viet Nam for the protection and preservation of freedom and for the prevention of world Communist domination; and

Whereas, Communist aggression in this small country or in any country cannot and should not be tolerated; and

Whereas, the policy presently being pursued in Viet Nam by the Commander in Chief and the military and civilian forces appears to be the only plausible approach for the protection of our national interest and the interest of all the free world; and

Whereas, the policy of military operations should be followed through to an honorable conclusion; and

Whereas, President Johnson, and the United States Military and Civilian forces in Viet Nam deserve and should have the undivided support of all.

Now, therefore, be it resolved by the House of Representatives of the second session of the thirty-first Oklahoma Legislature:

Section 1. The House of Representatives of the second session of the thirty-first Oklahoma Legislature does hereby express confidence in and support for President Johnson and the United States Military and Civilian forces in their valorous effort in the preservation of freedom, and does hereby recommend that this policy be pursued through to an honorable conclusion.

Section 2. That duly authenticated copies of this Resolution, after consideration and enrollment, shall be prepared for and sent to President Johnson, the Secretary of Defense, and to each member of the Oklahoma Congressional Delegation.

RETIRED OFFICERS ASSOCIATION BACKS MONTOKA BILL FOR PRESCRIPTION DRUGS UNDER MEDICARE

Mr. MONTOKA. Mr. President, our elderly citizens from all walks of life have been joining in support of my bill to place prescription and certain non-prescription drugs under medicare. They are aware that for too long thousands of them have had to bear the crushing cost of expensive drugs without any outside assistance. Many of these people have individually had to pay hundreds of dollars each year for essential medicines while struggling to exist on meager, fixed incomes.

My bill, S. 2936, will provide the elderly of our country with long overdue relief from their unbearable prescription drug expenses by extending the provisions of part B of medicare to cover reimbursement for prescription drug expenses. Organizations representing more than 18,300,000 individuals have endorsed the proposed legislation. Now another, recognizing the needs and interests of all elderly Americans as well as its members, has come forward in support. The Retired Officers Association, representing 100,000 members throughout the Nation, has moved into the ranks of these responsible and aware groups.

I ask unanimous consent that a letter from Col. James W. Chapman, legislative counsel of the Retired Officers Association, supporting S. 2936, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

RETIRED OFFICERS ASSOCIATION,
Washington, D.C., March 22, 1968.

HON. JOSEPH M. MONTOKA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONTOKA: On behalf of the Retired Officers Association I wish to thank you for introducing S. 2936, the Montoka Prescription Drug Bill. We pledge our support to you and your cosponsors in behalf of this measure.

Enactment of this bill will provide a much-needed benefit to the aged of this country by providing for 80% reimbursement of the cost of prescription drugs above the deductible amount of \$25.00. Presently, the cost of prescription drugs is an onerous and often intolerable burden on the elderly of this country who, while living on fixed and usually insufficient incomes, must expend hundreds of dollars a year on life saving prescription drugs.

The Retired Officers Association represents approximately 100,000 members from every state in union. It is a fast growing non-profit war veterans group which has served the best interests of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey (now ESSA) and Public Health Service for nearly forty years. It is dedicated to doing something about the problems facing military retirees.

Thank you again for introducing a bill which will provide our aged a measure of assistance toward meeting their catastrophic prescription drug expenses.

Sincerely yours,
JAMES W. CHAPMAN,
Colonel, USAF, Retired, Legislative Counsel.

THE SINGLE UNIT TRAIN ENHANCES COAL'S ATTRACTIVENESS IN THE MARKETPLACE

Mr. BYRD of West Virginia. Mr. President, to a State whose economy is so heavily dependent upon a vigorous coal industry, the continued upturn in demand for this fuel is a most welcome economic indicator.

The current increase in output, and the long-term prospects for the use of more coal, will assure steady employment for an ever-increasing number of skilled technicians and other personnel at West Virginia's mines.

More than that, it will provide steady work for our railroaders, suppliers, equipment manufacturers, and other businesses that serve the coal industry and mining communities.

West Virginia's economic problems will not be resolved overnight through coal's resurgence, but the outlook is certainly much more promising than it was only a few years ago.

Entering the present decade, West Virginia's coal industry—though maintaining a firm hold as number one in the Nation—was in the midst of an era of distressing decline.

From a high of 146 million tons in 1947, output seesawed through a long period of uncertainty until by 1960 production had dipped to less than 119 million tons. The next year marked a further decline to 113 million tons, after which new life finally took hold.

From that time, the upward spiral has continued.

Preliminary figures for 1967 indicate a total output of 153 million tons in West Virginia.

America's insatiable appetite for electric power is the obvious reason for the substantial gains in coal demand; yet, without the industry's continued progress toward more efficient mining, coal could not compete with other fuels in many of the power markets it now serves.

And mechanization and modernization of the mines have been accompanied by another innovation that must not be overlooked as an invaluable ally in coal's revival.

This is the unit train system of transportation.

In 1961 the unit train was hardly more than a hope for more favorable transportation rates between tipple and customer. Today it carries 30 to 35 percent of all the coal used by our mine's best customer, the electric utilities.

During the days of early experimentation with the unit train, I met frequently with representatives of coal, railroads, and electric power companies in an attempt to determine how to get this "coal express" moving as quickly as possible.

It was almost 6 years ago, in late June of 1962, that I wrote to the Interstate Commerce Commission urging that, as coal express trains were developed, rate reductions be approved by the Commission as speedily as possible. I told the ICC that it was conceivable that a reduction of as much as one-fourth of the normal freight rate for coal moving from the Appalachians into east coast markets could be achieved through the increased efficiency that would come with trains filled at a single gathering place and bound for a single stockpile.

I could not have been more optimistic about the savings to be realized through the use of integral trains.

Actually, a little more than a year from the date of my letter the freight rate on solid train loads over this distance had been reduced by as much as one-third, a bargain that has had dramatic results for both the coal and the railroad industries. And coal was moving in trainload lots from West Virginia into Chicago and the South as well as to metropolitan areas up and down the east coast.

The unit train has come a long way in the past 6 years and it is likely that this service will be accelerated as demand for electricity continues to rise. The lower freight rates, which unit trains make possible, are already estimated to represent a savings of \$100 million a year

to the utility industry and the economies will be compounded as this modern concept of bulk transportation comes into wider use.

New mines and new powerplants are being designed to fill and empty 100-ton cars in a matter of minutes, thus reducing turnaround time to a minimum. Synchronized motive power moves the heavy cargo over mountain routes in remarkable time. This shuttle service is operated on precision schedules.

I would like to give the Senate some examples of the use of unit trains. From two mines near Blacksville in Monongalia County the Consolidation Coal Co. will ship 4 million tons of coal annually to supply a new Detroit Edison Co. powerplant in Monroe, Mich. Rapid transit trains will operate on a 72-hour schedule for the 720-mile round trip.

Within the next 16 months, four new Eastern Associated Coal Corp. mines will go into full operation in West Virginia. One of these, located in Boone County, will ship its entire 1.7-million-ton yearly output by unit train.

Even more spectacular is the 868-mile trip from the Consol Loveridge Mine near Fairview in Marion County to Bow, N.H. A unit train loaded with 9,500 tons of West Virginia coal arrives every 6 days loaded with fuel for boilers of the New Hampshire Public Service Co. A second train is scheduled to begin deliveries in April in order to assure delivery of about 1 million tons annually.

Each unit train that goes into operation at a West Virginia mine is cause for celebration, for it represents more dollars coming into our State to be used in pay envelopes, for State and local tax revenues, and as profits that bring new business and expanded investments. It means more business up and down the line.

To utilities within a wide perimeter of mining areas, the carloads of coal moving swiftly into distant generating stations should prompt a close analysis of fuel costs based upon long-range reserves. It should be noted that West Virginia has in excess of 60 billion tons of recoverable reserves—more than eight times the total amount extracted to date.

The unit train should be regarded not only as a sign of the times, but also as a herald of the future—a way for utility companies to continue to provide their customers with the most economical electric service possible.

SYRACUSE BUSINESS PLEDGES HOUSING AID

Mr. JAVITS. Mr. President, some weeks ago I described in these pages the activities of the Niagara Mohawk Power Corp. in providing technical assistance to the communities of New York State applying for and conducting urban renewal projects. On its own initiative, Niagara Mohawk had put together a set of detailed materials and a Community Development Services group to help the communities it serves to take advantage of this Federal program.

This kind of concern for the development and economic stability of its market area makes sound business sense and stems, as well, from important moral and social motivations.

Niagara Mohawk has now spearheaded another business effort, this time in the Syracuse area, to establish a Syracuse community development housing corporation. This corporation would be funded by private loans from the corporations involved and would also receive grants from a variety of other private sources. Once again, the idea is for business to come together to assist the community through the provision of seed money and technical assistance to take advantage of important Federal programs. The proposed corporation would be particularly active in aiding nonprofit housing sponsors seeking funds under the FHA 221 (d) (3) program.

I ask unanimous consent that an article describing this new private industry effort, published in the Syracuse Post Standard of February 14, 1968, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Syracuse (N.Y.) Post-Standard, Feb. 14, 1968]

INDUSTRY PLEDGES HOUSING AID—\$600,000 "SEED" EXPECTED

(By Dorothy Newer)

The pledge of private industry in Syracuse to give financial aid to construction and rehabilitation of low and moderate income housing was announced yesterday by Earle J. Machold, president of Niagara Mohawk Power Corp.

About \$600,000 is anticipated in grants and loans to establish a non-profit revolving development fund for the purpose of building good new housing at low rentals. The money will be used as "seed money" and interim financing to help fill the community need for new units and the replacement of sub-standard ones.

The beginning of the private assistance program—tentatively to be called the Syracuse Community Development Housing Corp.—was revealed yesterday at a press conference called by the Niagara Mohawk president, the Metropolitan Development Association and the Greater Syracuse Chamber of Commerce.

Mayor William F. Walsh hailed the development as a major economic step in the improvement of living conditions in Syracuse and as outstanding example of team effort between government and private enterprise.

The "seed money" fund, John Searles, executive director of the Metropolitan Development Association, said, would enable the addition of 100 units a year through rehabilitation of sub-standard housing and 300 units a year through the construction of new houses.

Development funds will be used directly by the corporation and to fill the interim financing needs of non-profit developers. It also will serve as a land bank to hold property until it is ready for development.

Executives of 14 large Syracuse businesses and industries were invited Monday by Machold to a luncheon at Hotel Syracuse at which the plan for a private enterprise housing corporation was presented. Representatives of government, charitable foundations, the Manufacturers Association of Syracuse, the Chamber of Commerce and MDA, in addition to power company officials, also were present.

Machold said yesterday that as a result of the luncheon meeting he is convinced the raising of the necessary funds "can readily be accomplished." Those present, he indicated, unanimously agreed the need was urgent and solicitation of funds should get underway immediately.

It is anticipated the needed financing will include about \$500,000 in private loans from

corporations and about \$100,000 in grants from various sources.

The loans, Searles said, would be low-interest bearing and repayment should be possible in about a 4-year period. The sum of \$17,500 per year has been set as an annual salary for a professional director of the corporation.

Plans for the solicitation of loans from business and industry have not been completed but those present at the luncheon are expected to act as a nucleus, it was indicated.

In its final form, the new housing corporation will include provisions for the advice and suggestions of neighborhood groups in its planning functions.

The "seed money" program was actually sparked last Dec. 12 at a dinner meeting at Hotel Syracuse Country House sponsored by MDA and the Chamber of Commerce. At that time, representatives of ACTION-Housing, Inc., a similar private enterprise development corporation, described its contribution to housing in Pittsburgh, Pa.

Although similar programs are underway in Cleveland, Rochester and St. Louis, the Syracuse corporation is to be regarded as a pioneering community effort to provide adequate housing.

In his talk yesterday, Walsh said this year through the Mulberry Square Development, Toomey-Abbott Towers and other large-scale developments, some 1,247 new housing units would be added to the city's supply, plus rehabilitated units through various non-profit groups.

The city, he said, also has a federal application pending for a 394-unit project, mostly for the elderly. Despite this, he indicated, the need for additional housing and replacement of deteriorated units is urgent.

The 14 representatives of private enterprise present at the luncheon on Tuesday—the "incorporators" of Syracuse Community Housing Development Corp.—include:

William Bynum, Carrier Corporation; James R. Donnelley and Gilbert E. Dwyer, General Electric Co.; Edmund Fallon, Agway Inc. and Earle R. Hollings, Sears Roebuck & Co.

Also E. Winston Rodermer, E. W. Edwards & Son; Chancellor William P. Tolley, Syracuse University; Morris Weedon, Bristol Laboratories; John D. Williams, Lipe-Rollway Corp.; Chris J. Witting, Crouse-Hinds Co.; W. Niver Wynkoop, First Trust & Deposit Co.

Speaking of the corporation, Machold said: "It is not a panacea—it won't do everything—and we realize this."

DAIRY IMPORTS

Mr. MCGOVERN. Mr. President, I was prepared to offer an amendment to the tax bill which would give this country's dairy farmers protection against unchecked imports of dairy products.

As has been pointed out many times, dairy farmers have not been sharing in the economy's prosperity. There are many causes for this, and no one bill would solve all the problems in any industry.

However, there is wide support for legislation curbing dairy product imports in the Senate, and dairy farmers over the Nation are united in support of such legislation.

The bill sets realistic quotas and allows foreign exports a share of our market. It sets quotas based on past shipments. It allows importers to know what share of our market they can expect and at the same time allows dairy farmers to plan production, knowing that they will not have to compete with unchecked dairy product imports.

We have seen that the present system of setting quotas under section 22 has

been marred by a long history of repeated and flagrant evasion of dairy product import quotas. We have seen importers develop new products to evade quotas on specific products.

Imports got completely out of hand in 1966, particularly with respect to butter-oil-sugar mixtures, Colby cheese, and frozen cream. Not only did this cause a loss of income to American dairy farmers, but the total 1966 imports added some \$29 million of unnecessary cost of the support program. Imports continued to climb in 1967 until controls were applied in July of 1967, and adding \$131,177,198 to the support program.

Now it seems that a recent decision by the Food and Drug Administration that evaporated milk is not covered by the Federal Import Milk Act means that importers again are able to turn their surplus milk into evaporated milk and cream and ship unlimited quantities into this country. Both evaporated milk and cream and condensed milk and cream were left out of the import quotas established last July 1, thus leaving the way open for another evasion fiasco.

Again, the import barriers are knocked down. Dairy farmers are getting tired of paper gestures being used to discourage Congress from enacting import controls.

Dairy farmers are not asking us to stop all imports. Countries still could ship in the average amount of butterfat and nonfat milk solids shipped in from 1961 through 1965 and the quotas would be increased as our domestic market grows. This would give foreign countries a part of our market, yet give our own farmers adequate and permanent protection also.

These imports from foreign countries have been heavily subsidized and our dairy farmers just cannot compete with such products.

Other countries have for many years controlled their imports, not only to protect their own industries, but also to conserve their own balance of payments positions and they cannot object to our doing the same thing.

The dollar drain for unneeded dairy imports under present quotas is estimated at \$36.8 million.

These dairy product imports not only are not needed here in the United States, but add to our own surplus supplies. They not only drain dollars from this country but they burden the price support program with added costs. The products are badly needed in other countries where people are starving.

Beneficial foreign trade results only when commerce flows from nations that have goods available for export to nations that need these goods. It does not result from imports to this country of dairy products which are not needed.

We all know that our farmers—and especially our dairy farmers—need this permanent protection of their markets so they can have a stable market for their milk and dairy products.

I have been assured that the Finance Committee will consider dairy import legislation when it is placed before it. The fate of any amendment attached to the pending bill is very dubious. I have therefore determined to withhold the amendment and take steps to get the dairy import legislation acted upon inde-

pendently, in regular order, relying on assurances of early consideration and support I have been given today.

TROUBLE AT HOWARD UNIVERSITY

Mr. BYRD of West Virginia. Mr. President, I have noted with concern the news reports in this morning's Washington Post and this afternoon's Evening Star concerning student uprisings at Bowie State College in Bowie, Md., and Virginia State College in Petersburg, Va.

A minority of students at these predominantly Negro institutions have apparently taken a leaf from the recent campus uprising at Howard University in Washington, D.C., and are now attempting to start their own "mini-revolts."

Mr. President, this is precisely the sort of thing which I warned against last Friday when I commented on the uprising at Howard.

At that time I told the Senate:

What has happened at Howard University is intolerable. A weak-kneed response to it will deal a body blow to higher education all across this land, for there is more involved here than any spontaneous grassroots, normal, youthful campus chafing at restraint. Instead this is ugly, inspired, and potentially dangerous for colleges everywhere if it is left to go unchallenged. . . . Any knuckling under by the (Howard) administration to the student demonstrators now can do nothing but encourage similar lawlessness there and elsewhere in our colleges and universities.

Today, unfortunately, we can see all too clearly the fruits which these incendiary demonstrations at Howard University have borne.

Somewhat hopeful notes have been raised at both Bowie State and Virginia State.

At Bowie, a letter urging "reasonable approaches" was circulated by a number of students who called the boycott of classes "morally wrong, totally unrepresentative, and unnecessary."

The letter said Bowie President Samuel L. Myers, who was recently installed in his post, "inherited a rotten apple" and needed time to improve the school.

And at Virginia State a school administration spokesman is quoted as saying—

I think we're getting somewhere. There's a spirit of continuing dialog.

The Post news story pointed out that graduate students have returned to their classes as have some undergraduates.

Mr. President, such hopeful notes as these indicate that all is not lost at these schools.

As I pointed out last week concerning Howard—

I am convinced that many of the young men and women who may have joined in the demonstration are not as yet completely poisoned by those who would destroy them, as well as the University. I would appeal to their parents and to their friends, and to all who may have any influence with these young people, to make a strong effort to convince them of the enormity of the offense which they are committing and of the severe consequences that may follow the mistake they are making.

Mr. President, none of the problems which may beset these two colleges can be solved by the forcible closing of these

institutions by their students. Such actions only tend to shorten tempers and polarize sentiments.

Related to these developments are the continuing activities at Howard.

According to the headline in this morning's Washington Post, the Howard students have claimed a victory over the school's administration.

Tragically, they are right.

A student organizer, one Anthony Gittens, is quoted as saying:

It's a brand new day. We started ourselves a revolution.

Gittens made these statements in addressing a crowd of nearly 1,000 students who gathered at Howard yesterday to celebrate the victory agreement in which the trustees consented to turn over the cases of 39 students charged with disrupting the Charter Day exercises at the university to the student government and to take no action against those who had seized and occupied the school's administration building.

Gittens, taking note of the closing of Virginia State at Petersburg, was quoted in the Post's story as saying:

The brothers and sisters at other colleges are taking a look at what we did here. . . .

The Post article went on to point out that student protests have erupted on at least two other predominantly Negro campuses since the Howard demonstration began last week—Tuskegee Institute in Alabama and Fisk University in Nashville, Tenn.—in addition to Virginia State and Bowie.

Several carloads of Howard students went to Bowie yesterday to "lend their support to Bowie students," the Post article reported.

It has become all too evident that Howard University's campus rebellion will not be quelled by a policy of appeasement. The administration at Howard has brought itself nothing but a peck of trouble by its capitulation to the student's demands.

For, as student revolutionist Gittens said yesterday in urging his fellows to follow up last week's demonstrations with more demands:

There have got to be changes in the curriculum. You get students in your departments together and decide what courses you want. Then you go to the department head and if he won't give you those courses, take the department over. . . .

These do not appear to be the words of one who is sincerely interested in improving the university and its curriculum, but rather the words of a revolutionist bent on subverting the purposes and functions, and destroying the usefulness, of the university by redirecting it toward new ends dictated by rebellious young people.

There is no question in my mind that the administration at Howard should have maintained a firm stand toward those who took over the school last week. Howard officials should have had no qualms about rooting out these trouble-makers from its midst.

By allowing them to remain in school where they can continue to foment discord and unrest, further demonstrations and disruptions of classes are a foregone conclusion.

As the world sadly learned at Munich

in 1938, appeasement does nothing more than feed the appetites of aggression. It is as true today with these militant Marxist-inclined students as it was with Hitler's Germany.

That the students themselves regard the action of the university's authorities as capitulation and appeasement was indicated in the Washington Post's news story on Sunday, March 24, which told of the settlement by which the students agreed to end their takeover of the university.

In that article, the following statement was made in reference to the 39 students who were charged in connection with the Charter Day disorder:

Protest leaders made it clear yesterday that they felt that turning the cases over to the student government would be tantamount to dropping the charges.

In that article, Mr. President, Anthony Gittens was quoted as saying that the insurgent students had received about \$4,000 in contributions after staging their coup, and that at least a part of this money would be used to "support movements at other black universities."

We are beginning to see what these young revolutionists had in mind. It is nothing less than seizing power for themselves, Mr. President, and that can spell the doom of meaningful, disciplined education on every campus where it is permitted to occur.

Mr. President, I ask unanimous consent that the newspaper articles to which I have referred be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, March 24, 1968]

BOARD PLAN ENDS SIT-IN AT HOWARD

(By Jim Hoagland)

Protesting Howard University students yesterday accepted a compromise offered by the University's trustees and ended a four-day occupation of the Administration Building.

About 800 weary but jubilant students pulled out of the four-story building at 2 p.m. Many linked arms and sang as they trooped out, others hurried off to seek a good meal and a shower.

The compromise will let the student government judge charges brought against 39 students involved in a March 1 demonstration. It also promises that students in last week's protest will not face disciplinary action.

In return, the University gets back the Administration Building, which the students had occupied since Tuesday afternoon. A University spokesman said the school—closed by the administration Wednesday—will reopen Monday. Undergraduate classes will resume Wednesday.

The third point of the agreement calls for a resumption of meetings between representatives of the trustees, the faculty and the students to "resolve grievances and deal with relevant, contemporary issues."

There was no mention of the resignation of President James M. Nabrit Jr., which the students had listed as one of their conditions for relinquishing control of the Administration Building.

Student leaders had no comment when asked why they had dropped the demand. Nabrit said he had no intention of resigning because of the demands. He is scheduled to retire in July, and would face mandatory retirement because of age—he is 68—in September.

One source close to the situation felt that the dynamics of the confrontation helped solve it.

His interpretation was that the positions of both the students and the administration so hardened that communication was impossible and both sides were apprehensive of what might happen.

In the process of discussion, the consequences of a continued impasse were explored by both sides. Involved in the various conversations with the principals were Corporation Counsel Charles T. Duncan, Mayor Walter Washington and the University's lawyer, George E. C. Hayes.

A compromise fell into place, the source said, when the students settled for a little less than they demanded, and when the administration gave more than it had wanted to earlier.

City officials reportedly passed along to the Howard trustees fears that a physical confrontation to remove the students might result in bloodshed, which neither side wanted.

The city's representatives also told Howard's authorities that they were afraid for the health of the students in the building and hoped the administration could view Howard not only as a university, but in its community context. There was some fear that the unrest at Howard could trigger incidents elsewhere in the city.

One factor pressuring both sides into a settlement, the source said, was parents. Some who came to the campus with the students, and in effect pressured the administration to give; others sided with the administration, and pressured their children to give.

Trustee Kenneth B. Clark, prominent Negro Sociologist, read the agreement on the steps of the administration building after the noticeably fatigued students had voted by an overwhelming majority to accept it.

"Any interpretation as to winning or losing by either side misses the whole point," Dr. Clark said. "We are very happy this was resolved without bringing law enforcement officers on the campus."

But students claimed at least a partial victory. "If we didn't believe Howard University was on its way to becoming a black university, we wouldn't have come out of those doors," said Anthony Gittens, a protest leader.

One of the key demands of students at Howard has been that the University become more "relevant to the problems of Negro communities and culture."

Student leaders sought such a commitment in their negotiations with the trustees, but the trustees would agree only to use the word "contemporary" in the settlement.

With Dr. Clark at the administration building were Trustees Richard Hale, Dr. Percy Julian Jr. and Judge Myles Page.

These four met with a student steering committee at 7 p.m. Friday, and presented the compromise drawn up earlier by the Board in an all-day meeting. The four met with the student leaders until 1 a.m. yesterday.

Then the leaders presented the proposed settlement to the 800 students who had slept in the administration building since Tuesday. The leaders indicated their approval of the compromise, but a vote was postponed until 1:30 p.m. yesterday.

The students, faced with an administration threat to seek a Federal Court injunction that could have led to U.S. marshals being called in to clear the building Monday, accepted the compromise.

The sit-in was touched off by a demand that charges be dropped in the cases of 39 students charged with having disrupted a Charter Day ceremony March 1. The 500 students who crowded into the administration building last Tuesday vowed they would not leave until the charges had been dropped.

Protest leaders made it clear yesterday they felt that turning the cases over to the student government would be tantamount to dropping the charges.

School officials took no action against the

demonstrators Tuesday night. While the great majority of the 8200 students at the predominantly Negro University did not take part in the demonstrations, the crowd swelled to more than 1000 Wednesday.

At that point, school officials abandoned the administration building and said the campus would be closed indefinitely. Students were given until Friday to vacate dormitories.

They ignored the deadline and escalated their demands to include Nabrit's resignation and the establishment of "black-oriented curriculum." The protesting students completely controlled the campus for three days.

Anthony Gittens said the students had received about \$4000 in contributions. Part of the money will be used to "support movements at other black universities," Gittens said.

[From the Washington Post, Mar. 28, 1968]

HOWARD STUDENTS HAIL "VICTORY"

(By Susan Jacoby)

Nearly 1000 students gathered in the Howard University courtyard yesterday for a jubilant rally to honor the students who participated in last week's takeover of the campus Administration Building.

Student Assembly President Ewart Brown told the crowd of students, "I want to say clearly that what happened last week was what we, as intellectuals in black society, must regard as black power . . . when black people get together to do anything positive and constructive, or create disorder to effect change, that is black power."

The "occupation" of the Administration Building, which began last Tuesday, ended Saturday night after the students accepted a compromise offer from the Board of Trustees allowing the student government to judge disciplinary charges brought by the administration against students who disrupted Charter Day ceremonies March 1.

The students at yesterday's rally were in a buoyant mood, clearly feeling they had won a victory over the administration. "This rally starts at 1 p.m. BPT," said one student. "That stands for Black People's Time."

Anthony Gittens, a member of the steering committee that organized the protest told the students, "It's a brand new day. We just got word that Virginia State (a predominantly Negro college in Petersburg, Va.) is closed. The brothers and sisters at other colleges are taking a look at what we did here and they're saying, 'Man, that's our University too.'"

Student protests have erupted on at least four other predominantly Negro college campuses since the Howard demonstration began last week—Tuskegee Institute in Tuskegee, Ala., Fisk University in Nashville, Tenn., Virginia State and Bowie State College in Maryland, about ten miles from Washington.

Several carloads of Howard students left after the rally yesterday afternoon to lend support to Bowie students who were occupying their campus library. "We started ourselves a revolution," Gittens said.

Gittens urged the students to follow up last week's demonstration with more demands. "There have got to be changes in the curriculum," he said. "You get the students in your departments together and decide what courses you want. Then you go to the department head and if he won't give you those courses, take the department over . . . We held the University for four days and ran it better than they ever did."

Faculty meetings of several colleges at Howard are scheduled this week to discuss the significance of last week's demonstration, and the agreement with the trustees, for the future of the University.

At a meeting earlier this week, 56 faculty members of the College of Liberal Arts adopted a resolution that sharply criticizes the administration for closing the University during last week's demonstration without consulting the faculty. The 56 who signed

the resolution were dissident young faculty members, most of them white. Most faculty support for militant students on the campus has come from young white assistant professors and instructors.

The full faculty of the College of Liberal Arts meets today and the resolution is given little chance of passing.

[From the Washington Post, March 28, 1968]
BOWIE STATE BOYCOTT CLOSES MOST CLASSES
 (By Peter A. Jay and Peter Winterble)

A student boycott at predominantly Negro Bowie State College brought classes to a virtual halt yesterday as more than 200 undergraduates demonstrated quietly to press long standing grievances.

The boycott, a protest against administrative inefficiency in the registrar's office, refusal of tenure to a popular history teacher and shortcomings in the physical plant, was joined in the afternoon by about 90 veterans of Howard University's recent five-day strike.

At Howard, student demonstrators took over the administration building and closed the school. Yesterday's protest at Bowie, was confined to the class boycott and singing and listening to speeches in the campus quadrangle. No police were called.

The Howard students returned to Washington about 5:30 p.m. as the Bowie students drifted toward the cafeteria and their dorms. Administration and support facilities maintained normal operations and adult education classes were held as usual last night.

A widely circulated letter listing specific complaints triggered the protest early yesterday at the Prince George's County campus. Teachers reported classroom attendance down 90 per cent.

Newly installed Bowie President Samuel L. Myers, 47, met with student leaders for more than four hours during the day. At the close of the meeting, Myers said he believed "the air has been cleared." But student leaders said the boycott would continue today.

Myers, who praised the "statesmanlike conduct of my students," said classes would go on as usual. No disciplinary action will be taken against protesters, he said.

As a condition to ending the boycott, Roland B. Smith Jr., student body president, sought assurances that the general problems of Bowie, along with Maryland's other five state colleges long considered the stepchildren of the State educational system, would receive increased attention.

Myers said he and Smith, a junior at the college of 600 full-time students, would meet today with aides of Gov. Spiro T. Agnew.

Bowie "has been called the cesspool of the State college system," the boycott leader said in a letter to Myers.

They cited poor food, mismanagement of students records by the office of the college registrar and neglected conditions in dormitories.

Myers, a former State Department adviser on Latin American affairs who came to Bowie in July, noted yesterday that the grievances represented a compendium of complaints over a long period.

Many of the college's shortcomings are now being corrected, he said. A new registrar was appointed last month, he noted, adding that he expected procedures to improve.

Protests are not new to Bowie. The college was closed briefly in 1966 during a similar but more violent boycott.

Most of the complaints of two years ago centered on the dilapidated physical plant and many have since been corrected. They included bare steam pipes and inoperable toilets and showers.

A new science building was completed last fall, but equipment has yet to be installed.

One immediate cause of yesterday's boycott, Myers and the students agreed, is the case of 29-year-old Virgilus B. Thornton III, whom Myers has refused to grant tenure.

Thornton said Myers told him his academic qualifications were excellent, but that "I had

used my class to compromise students," presumably through an interest in "black power" activities on the campus.

One of the complaints in the student leaders' letter to Myers asked for "an explanation why obviously inefficient, poorly qualified teachers are retained . . . while teachers of demonstrated ability are effectively eliminated." This was interpreted by students and Myers as a reference to the Thornton case.

Myers said the decision to refuse tenure to Thornton originally was made by Martha Putney, head of the history department. "I simply acted on all the information available to me," he said.

Some students circulated a letter yesterday calling the boycott "morally wrong, totally unrepresentative . . . and unnecessary." They urged "reasonable approaches" to Bowie's problems. Myers, they said, "inherited a rotten apple," and needed time to improve the school.

Students and faculty members on both sides of the boycott issue expressed respect for Myers, and emphasized that the protest was not directed at him.

Myers said he believed conditions would soon be on the upswing at Bowie.

While the college's operating budget requests for 1968-69 were cut sharply in a general State economy move, the amount approved by the General Assembly will be \$2.1 million, nearly twice the \$1.2 million budget for the college in 1966-67.

But among the programs cut was a \$176,000 master's program for teachers. About 190 students will be stranded in mid-program without a degree when the program ends this year. Because Bowie is not fully accredited, they cannot transfer to the University of Maryland.

Bowie's enrollment will increase from 619 students to 1025 between 1967 and next year. The money spent per student will rise in the same period from \$211 to \$379.

In comparison, the expenditure per student in other Maryland state colleges ranges from \$105 at Towson and \$153 at Frostburg, both larger schools, to \$237 at Coppin, also a small, predominantly Negro college.

The major budget increase for Bowie is in staff. The number of authorized employees will be increased from 137 in 1967 to 218 in 1969. This includes doubling the number of full-time professors.

[From the Washington Post, Mar. 28, 1968]
HOPES BRIGHT FOR VIRGINIA STATE BOYCOTT SETTLEMENT

PETERSBURG, Va., March 27.—Prospects for settlement of student grievances at Virginia State College brightened today although a classroom boycott virtually halted instruction for a second straight day.

"I think we're getting somewhere. There's a spirit of continuing dialogue," an administration spokesman said as the college executive council prepared for another closed conference with student government leaders.

Despite renewal of the boycott by an overwhelming majority of the predominantly Negro college's 2300 students, there were indications a return to normalcy was not far off.

The graduate students returned to classes today, and so did undergraduates taking courses requiring laboratory work.

As had been the case yesterday, students gathered outside the classroom buildings on the tree-shaded campus for unofficial "classes." Unlike yesterday, this time some professors came out to teach them.

Neither the students nor the college administration has listed the grievances, some of which the students claim date back to 1964. They are known to include complaints about some academic policies, strict social regulations for women students, food and housing, and compulsory ROTC training and chapel assembly attendance for freshmen and sophomores.

[From the Washington Evening Star,
 March 28, 1968]

HOWARD RALLY TOLD OTHERS FOLLOW LEAD

About 1,000 Howard University students cheered yesterday afternoon as their leaders told them that their rebellion was being emulated at Negro institutions around the country.

On the first day of full operations at Howard since the students' takeover of the administration building closed the institution eight days ago, student leaders held a rally behind Douglass Hall to call for continued support.

"Come out and support those of us who are trying to change this university—because this university must change," said Ewart Brown, president of the student government.

The takeover, he said, "was what we as intellectuals in black society must regard as black power."

Anthony Gittens, another leader of last week's protests drew cheers as he listed other institutions, including Virginia State College and Bowie State College, where he said students are battling administrators.

"Brothers and sisters," he said, "we done started us a revolution."

He advised the students to continue pressing demands for better treatment, from departments making curriculum decisions and from representatives of the administration.

"If you go into that administration building and a secretary gives you a hard time, curse her out," he said.

"We took this school over and ran it for four days, and did it better than they ever did," Gittens told the crowd.

Attendance appeared to be normal yesterday at undergraduate classes, which were resumed for the first time since the sit-in resulted in a shutdown order from the Howard administration. Most graduate classes had resumed Monday.

OVERPROMOTED PAINKILLER HARD TO KEEP DOWN, FDA FINDS

Mr. NELSON. Mr. President, an article in the March 28, 1968, Washington Post discusses a prescription drug, mefenamic acid, sold under the trade name Ponstel by the Parke, Davis Drug Co. The article discusses one of the problems the Monopoly Subcommittee of the Senate Select Committee on Small Business has found during its exploration of the competitive problems in the drug industry.

The writer says that the Food and Drug Administration approved the application by the drug company to market Ponstel on the basis of what it now feels were "claims of glowing results—based on clinical studies from which possible bias had not been eliminated."

The article points out that the prestigious Medical Letter, a nonprofit publication which evaluates drugs for physicians termed the Federal agency's approval "difficult to understand," and cited a series of troubling side effects.

The Medical Letter concluded that it is still too early for the full range of side effects to be known, declaring that "if Ponstel cannot be used for more than 7 days, it should not be used at all."

In trying to refute the journal's argument, Dr. Joseph F. Sadusk, Jr., a Parke, Davis vice president and former top physician at FDA, attacked the Medical Letter and made reference to new studies showing Ponstel to be safer for longer periods of time.

Some time earlier, the University Hospital at Charlottesville, Va., has rejected

Ponstel for inclusion in its Hospital Formulary on the grounds that "there seems to be little to gain and much to lose, since Ponstel was little if any better than aspirin." Parke, Davis sent a representative to the university with a copy of Dr. Sadusk's letter and what Dr. Sadusk termed the "new material" and asked for reconsideration of Ponstel for the formulary. The appeal was granted—only to be rejected a second time when the analysis of the "new material" Dr. Sadusk offered was found to consist of 15 papers yet to be published, 41 uninformative references to the drug, some only one sentence long, and grave omissions, and the like.

In addition, the FDA complained that late last year, Parke, Davis had advertised, mailed, and passed out promotional materials that could deceive physicians as to Ponstel's safety and usefulness. The FDA requested that Parke, Davis send a "corrective letter"—usually referred to as a "Dear Doctor" letter—to all practicing physicians in the country, in which the firm admitted that its studies were not unbiased and that the ads were "misleading."

Mr. President, I ask unanimous consent that Mr. Mintz' article be inserted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OVERPROMOTED PAINKILLER HARD TO KEEP DOWN, FDA FINDS
(By Morton Mintz)

Not long ago, executives of the Parke, Davis drug company went to the Crystal Plaza in Arlington to confer with officials of the Food and Drug Administration about the promotional campaign the firm used to introduce a painkiller called Ponstel.

The drug has been the subject of controversy at FDA; in Medical Letter, a non-profit publication that evaluates drugs for physicians, and at the University of Virginia School of Medicine Hospital. The hospital has declared Ponstel "medicamenta non grata"—an unwanted medicine.

Ponstel is a non-narcotic prescription product with the generic name of mefenamic acid. Although new in the United States, Parke, Davis distributed an estimated 194 million capsules in foreign countries between 1963 and 1967.

At FDA, officials met with a Parke, Davis delegation that included Dr. Joseph F. Sadusk Jr., who had been FDA's top physician until two years ago. The Government's complaint was that late last year the firm published an advertisement in Medical Tribune, a newspaper for physicians, and mailed and passed out promotional materials that could deceive physicians as to Ponstel's safety and usefulness.

Claims of glowing results, FDA said, were based on clinical studies from which possible bias had not been eliminated. Parke, Davis agreed to send a "corrective letter" to each of some 288,000 physicians in which it said that the FDA regarded the ad and leaflets "as misleading."

The letter, dated last Jan. 15, emphasized the results of trials which eliminated bias by concealing whether the pills used were Ponstel, aspirin, another painkiller, or a placebo or dummy pill that depends on psychological effects.

Ponstel was found "essentially equal to the comparison drug and better than placebo." In certain trials "aspirin was found better than Ponstel and the latter could not be distinguished from placebo; in some trials pain relief with placebo was obtained in as high as 40 per cent of the patients. In other

trials the results with Ponstel were better than those with aspirin or placebo."

In addition, Parke, Davis conceded, "the introductory campaign failed to give adequate prominence to the fact that Ponstel is indicated for short-term administration not exceeding one week of therapy."

Medical Letter thought it was the FDA that had goofed to begin with. The publication had termed the agency's grant of marketing approval "difficult to understand." It listed a series of troubling side effects, said it is "still too early for the full range" to be known and declared that if Ponstel "cannot be safely used for more than seven days it should not be used at all."

The FDA's position is generally that the law requires it to approve a drug so long as the labeling accurately reflects its pros and cons.

Two months before Parke, Davis mailed out the "corrective letter" approved by FDA, Dr. Sadusk had attacked Medical Letter. He dealt with the recommended seven day limit on Ponstel use by saying most illnesses for which it is intended do not require pain relief after a week. He also referred to new studies showing Ponstel to be safe for longer periods.

The Sadusk letter and a 56-reference bibliography accompanying it set off a flare-up at the University Hospital in Charlottesville about whether the Drug and Pharmacy Committee should add Ponstel to the Hospital formulary.

The story of the fight was summarized this way in the December issue of Pharmacy and the Physician, published by the Committee:

The Committee unanimously rejected initial requests, made by several physicians in September, for inclusion of Ponstel in the Formulary. "There seemed to be little to gain and much to lose . . ." Ponstel was "little if any better than aspirin." "The dangers of diarrhea, gastrointestinal ulceration and bleeding appeared to be quite real . . ."

The local Parke, Davis representative then produced the letter from Dr. Sadusk and the bibliography "and appealed for reconsideration." The appeal was granted. But an analysis showed that the bibliography "consists of 15 papers 'to be published,' and 41 uninformative references to the drug, some only a sentence long. There is one striking omission: the careful study of Mason, et al . . . which finds mefenamic acid slightly more potent than aspirin . . ."

Ponstel was then rejected a second time. Those "who still yearn to dispense it must do so from private stocks," the Pharmacy Committee said. "Arguments to the contrary would have to be based upon better evidence than any we have seen so far."

TAX ADJUSTMENT ACT OF 1968

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 995, H.R. 15414.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. Calendar No. 995, H.R. 15414, an act to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations.

The PRESIDING OFFICER. Without objection, the Senate will resume its consideration.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that there be a brief quorum call, and that the time be charged equally against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Without objection, it is so ordered.

EXTENSION OF TIME PROVIDED IN UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the time on the Mundt amendment be extended to 1:30 p.m. today.

Mr. MUNDT. The maximum time. We might vote earlier.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the distinguished Senator from Arkansas [Mr. McCLELLAN] may be recognized for a period of 10 minutes and that, notwithstanding rule VIII, he may be permitted to speak on a subject out of order.

Mr. MONDALE. Mr. President, would the time allotted to the Senator from Arkansas be charged against the time allotted on the Mundt amendment?

Mr. BYRD of West Virginia. No; it would not be. There has been a 15-minute extension of time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears no objection, and it is so ordered.

CRUCIAL DECISION ON APPROPRIATION OF ADDITIONAL FUNDS FOR THE F-111B

Mr. McCLELLAN. Mr. President, on January 22 of this year I said in remarks here in the Senate that the Congress would face a crucial decision on whether to appropriate any more funds for the F-111B aircraft, the Navy version of the TFX. That decision must soon be made.

The defense authorization bill for fiscal year 1969 will be reported by the Armed Services Committee within a very short time. The Pentagon has asked for the authorization of funds to initiate the production of the F-111B airplane. The budget request submitted to the Congress by the Defense Department on January 29, 1968, include \$351 million for procurement of the first 30 production-line aircraft. Each of these first 30 F-111B airplanes would cost the taxpayers \$11.7 million. The Pentagon has also asked Congress to provide an additional \$72 million for further research and development work on the F-111B.

More than 5 years have gone by, Mr. President, and more than a billion dollars have already been expended on the research and development program for this exorbitantly expensive TFX weapons system, but the end of this research cost is not yet in sight.

In my remarks on January 22, I cited three articles from the Nation's press, all reporting that the Navy was evaluating

proposals from aircraft contractors to design a substitute for the F-111B. This alternative aircraft, according to those accurate reports, would use the existing engines and missiles of the F-111B, but would have a completely new airframe, designed solely for the Navy's mission requirements.

As a result of dropping the requirement for commonality with the Air Force F-111A, a Navy fighter plane could be produced with performance markedly superior to that of the F-111B. It should be recalled that a similar redesign proposal was made in 1964 by the Grumman Co., the Navy subcontractor on the F-111 program. Unfortunately, this proposal was rejected by the Secretary of Defense, who obstinately insisted that commonality be maintained. Had that proposal been adopted 4 years ago, the Navy would now have an airplane almost ready to fulfill its fleet air defense needs. Instead, the F-111B is now 3 years behind schedule and, if the program is continued, it is still many years away from being available to the fleet.

On January 31, 1968, I discussed in the Senate another article from the press which asserted that the Navy, notwithstanding its protests, would be forced to take the F-111B. Otherwise, the Department of Defense would refuse to provide the Navy with any swing-wing plane. Such action, it seems to me, would be reprehensible and tragic. The primary issue with respect to the F-111B is not the variable sweep wing; that aspect of the plane's design was never in controversy. It works, and it constitutes an outstanding advance in the state of the art. The vital consideration on procurement of the F-111B is whether the Navy will get an adequate weapons system for fleet defense. That should be the primary consideration for decision by the Pentagon and by the Congress.

Although the Pentagon has generated press stories questioning the feasibility of the proposed alternative aircraft, it is now evident that the Navy's top admirals have been convinced that it will be a far better weapon than the F-111B. Aviation Week & Space Technology, in its issue of March 11, 1968, reported that Adm. Thomas Moorer, Chief of Naval Operations, and Vice Adm. Thomas Connolly, Deputy Chief of Naval Operations for Air, testified before the Senate Armed Services Committee that they would prefer to abandon the F-111B and start immediately upon the development of the proposed substitute aircraft. Mr. President, I know of no reason to doubt the accuracy of the magazine's report, nor can I doubt the good faith, the good judgment, and the wisdom of the admirals in stating their preference and recommendation. Since the admirals are the men responsible for defending the fleet, their views should be given great weight and scrupulous attention.

I would like to inform the Congress in these remarks about a few comparisons between the F-111B and the alternative airplane to show exactly why the admirals have firmly and unequivocally joined the engineers in preferring the new plane.

Because the weight and drag of the F-111B have increased enormously during its 5 years of research and develop-

ment, it now falls far short of meeting any of its performance requirements. I repeat, Mr. President, that the F-111B will not meet a single one of the original performance requirements that were set forth in either the original work statement or the research and development contract.

The new airplane, designed solely for the Navy's missions, will have major combat advantages. Its takeoff weight will be 20 percent less than that of the F-111B. It will accelerate from loiter speed to combat speed in half the time it takes the F-111B to do so. It will have a loiter altitude 1 mile higher than that of the F-111B and a combat ceiling one and a half miles higher. The new plane's time on loiter station will be at least 25 percent longer than that of the F-111B.

Loiter time is a vital factor in the performance of the Navy's missions. The loiter time of the F-111B with combat fuel reserve has been degraded so much that it is now only 12 minutes more than that of the Navy's current F-4 Phantom fighter. Finally, when the proposed new plane is compared to the F-4 Phantom in a general purpose dogfighting role, it is superior to the F-4 in every performance characteristic. On the other hand, the F-111B in that role is inferior to the F-4 in every characteristic except loiter time.

Mr. President, the decision Congress must make involves a very simple choice: Should the Navy now procure a new plane which will surpass the F-111B as a missile carrier and the F-4 as a fighter, or should the Navy be forced to take the F-111B, which is an inferior weapon and a plane that Navy pilots privately refer to as a "dog"—one which cannot meet any of the Navy's original requirements?

The answer is obvious to the admirals, and I believe the answer should be obvious to Congress. The Pentagon, however, apparently cannot understand the obvious. I am informed that some time ago the Pentagon started yet another of its endless series of cost-effectiveness exercises to study the question. Our need in this time of war and national danger, Mr. President, is for combat effectiveness, and not the faulty "cost effectiveness" that has characterized this TFX program from its inception.

Since the Pentagon in the past has failed to heed the advice of contractors, engineers and admirals, and has not yet canceled the F-111B program, I believe it is the duty of Congress to refuse to authorize funds for a continuation of this ill-fated airplane, and we should now refuse to appropriate any more funds for research and development or for production of the F-111B.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. BYRD of Virginia. Mr. President, I commend and congratulate the distinguished senior Senator from Arkansas for the effective work he has done in bringing out the facts to the public, over a long period of time, in regard to this airplane.

I first became interested in the TFX program as a result of my conversation with the distinguished senior Senator from Arkansas before I came to the Sen-

ate. It was my casual conversations with him that led me to take an interest in this program.

The more I looked into the matter, the more I found out about it, the more I spoke with responsible officials in the Navy, the more convinced I became that the senior Senator from Arkansas was correct.

The PRESIDING OFFICER (Mr. MONROE in the chair). The time of the Senator has expired.

Mr. BYRD of Virginia. I ask unanimous consent that I may proceed for 3 additional minutes.

The PRESIDING OFFICER. The time is under control, and the Senator must yield time.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that I may proceed for 3 additional minutes, on the original unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLELLAN. I should like to make one statement, and then I shall yield to the distinguished Senator from Virginia.

If the Senator will permit me to interrupt, I have just been advised that a story has come over the news ticker this morning about an F-111A overdue on a mission over North Vietnam, and it is presumed lost. That does not mean that the F-111A is defective. We are losing planes over there. This could be due to something else.

But there is no comparison, in my understanding, between the performance of the F-111A—which is the Air Force plane and which has been given preference all the way in the development of an Air Force plane—and the F-111B. The F-111B cannot perform its mission in any way nearly comparable with the way the F-111A can perform its mission.

I yield to the Senator from Virginia.

Mr. BYRD of Virginia. They are two different planes of course, and my remarks and my views in regard to the TFX apply, and I assume that the remarks of the Senator from Arkansas also apply, not to the F-111A but to the F-111B.

Mr. McCLELLAN. Yes. I hope the plane is not down.

The F-111B is not such a superplane as has been represented—nor is the F-111A. But I believe the F-111A is a plane that we can go ahead and buy. It is a sufficient weapon. It has some superiority over planes we now have. But in the F-111B, the Navy will not be procuring the plane it needs. It is not a superior weapon, and the cost of it is outrageous.

Mr. BYRD of Virginia. Would the Senator estimate the amount of money he believes the Government may have lost in attempting to develop the F-111B into a satisfactory plane for the Navy—a plane which has never become satisfactory?

Mr. McCLELLAN. The fault has been the insistence that both planes be built of the same parts. They perform completely different missions, and the Navy plane, in my judgment, has been sacrificed in favor of the Air Force plane. It is also true that the Air Force plane has been degraded somewhat in its performance characteristics by the attempt to achieve commonality with the Navy plane. The tragic aspect of the total TFX

program is that two separate weapons are required, and they should have been built separately. If that had been done, we would have had two superior planes now. We have two compromised weapons, with the compromise placing the heavier penalty upon the Navy plane.

Mr. BYRD of Virginia. I shall support the position of the Senator from Arkansas and will cast my vote to eliminate the Navy version of the TFX.

Mr. McCLELLAN. I thank the Senator. The time has come for decision.

Mr. MUNDT. Mr. President, I congratulate the chairman of our committee, who has been the sparkplug in keeping the attention of our staff and all committee members devoted to this most wasteful Government contract in the history of the Republic—wasteful not only in money, but now it appears also wasteful in life. The Senator from Arkansas has rendered a great public service.

Mr. McCLELLAN. I thank the Senator.

Mr. ALLOTT. Mr. President, I join in the remarks that the distinguished Senator from Arkansas has just made. Everyone knows that this country owes him the greatest debt for not letting loose of what he knew was the fatal defect in this concept of fighters and airplanes, in spite of the fact that he was being snowed under with figures and propaganda from the Defense Department.

The great irony and the great disappointment is that before the Committee on Appropriations last year—even as late as last year—in answers to questions submitted by me, they were still insisting that the F-111B was going to be a great plane and was going to be used for our Navy.

I shall certainly support the distinguished Senator from Arkansas. I believe it would be terrible if we continued to put up one additional dollar for the F-111B.

Mr. McCLELLAN. I thank the Senator.

Mr. MURPHY. Mr. President, I should like to join my colleagues in congratulating the Senator from Arkansas for the magnificent job he has done. The military experts do not want the aircraft, we do not want it, and I cannot understand why it is being forced by the Department of Defense.

I believe the Senator has performed a great service.

Mr. McCLELLAN. I thank the distinguished Senator from California.

TAX ADJUSTMENT ACT OF 1968

The Senate resumed the consideration of the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations.

Mr. CARLSON. Mr. President, I wonder whether the Senator from South Dakota would be willing to lay aside temporarily the pending amendment and permit me to call up an amendment that I understand has been agreed to and approved by both sides.

Mr. MUNDT. In that event, I shall be happy to accept the unanimous-consent

request that we consider this amendment out of order, and that my amendment be temporarily laid aside, with the understanding that if the time consumed is more than 5 minutes, we will have to get an extension of the full debate.

Mr. JAVITS. Mr. President, reserving the right to object—I shall not object, of course—I have arranged with the Senator, who has very graciously agreed that I may have 6 minutes to introduce a bill on behalf of Senator PROUTY and myself, after completion of action on Senator CARLSON's amendment; and I ask unanimous consent that that provision be added to the unanimous-consent request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CARLSON. Mr. President, I call up amendment No. 664, which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill insert a new section as follows:

TAX EXEMPT STATUS OF CERTAIN HOSPITAL SERVICE ORGANIZATIONS

SEC. —. (a) Section 501 of the Internal Revenue Code of 1954 (relating to exemption from tax on corporations, etc.) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) COOPERATIVE HOSPITAL SERVICE ORGANIZATION described in subsection (c) (3) and organization shall be treated as an organization organized and operated exclusively for charitable purposes, if—

"(1) such organization is organized and operated exclusively to perform services—

"(A) of a type which, if performed on its own behalf by a hospital which is an organization described in subsection (c) (3) and exempt from taxation under subsection (a), would constitute an integral part of its exempt activities; and

"(B) solely for hospitals each of which is—

"(i) an organization described in subsection (c) (3) which is exempt from taxation under subsection (a),

"(ii) a constituent part of an organization described in subsection (c) (3) which is exempt from taxation under subsection (a) and which, if organized and operated as a separate entity, would constitute an organization described in subsection (c) (3), or

"(iii) owned and operated by the United States, a State, the District of Columbia, or a possession of the United States, or a political subdivision or an agency or instrumentality of any of the foregoing;

"(2) such organization is organized and operated on a cooperative basis and allocates or pays, within 8½ months after the close of its taxable year, all net earnings to patrons on the basis of services performed for them; and

"(3) if such organization has capital stock, all of such stock outstanding is owned by its patrons.

For purposes of this title, any organization which, by reason of the preceding sentence, is an organization described in subsection (c) (3) and exempt from taxation under subsection (a), shall be treated as a hospital and as an organization referred to in section 503 (b) (5)."

(b) The amendments made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

Mr. CARLSON. Mr. President, this amendment was considered by the Committee on Finance. Previously it was reported to the Senate and passed in the social security bill which was passed last

year. I understand that both the majority and the minority agree to it.

On Monday I introduced an amendment to be made to H.R. 15414, which would provide tax exemption for joint operations by our Nation's hospitals.

The seriousness of the ever-rising cost of hospital care is of grave concern to all of us, and has been made the subject of almost continuous discussion by leading members of the health field. Testimony before the Congress last year, at the time of the social security amendments, disclosed that hospital costs have risen some 15 percent per year and will continue to do so for at least a few years before salaries paid by hospitals reach those paid by industry generally.

Mr. President, as a result of this continuing increase, leaders of the hospital field have been working diligently to design ways to slow the ever-rising cost, and to make the operations of our hospitals more efficient.

One of the ways in which this can be accomplished would be greatly encouraged by my proposed amendment. In carrying out economy and efficiency in our hospitals, the hospital leadership is moving toward installing modern business practices. They are trying to meet the challenge presented by the Honorable WILBUR MILLS in his address before the National Conference on Medical Cost, held here in Washington last June 27 and 28. At that time, Mr. MILLS stated that, while Congress would expect that hospital costs would go down, Congress would not expect the hospital field to work very hard to keep the increase as low as possible, consistent with a high quality of hospital care. He pointed out that some of the answers to this were to install automation in the various segments of hospital operations such as, food preparation, laboratory operations, laundry, and maintenance. He noted that data processing has made great strides in industry and has a clear application to many of these hospital operations. As an example, he pointed out that the automated laboratory is already in existence in some hospitals.

Mr. President, I doubt there is a State or any large city in our Nation today whose hospitals are not moving in this general direction. And certainly my amendment would provide the hospital field a great incentive to proceed in this manner. All of you are aware that the use of computers is economical only when they are kept substantially in operation. It makes little sense for a hospital to install expensive computer equipment where it will be needed for only a few hours a day. Not only would this be uneconomical, Mr. President, but it would be pure waste. For this reason, hospitals are working toward joining together in joint enterprises to operate computer programs and other programs which provide through joint operations, a source of economy to the hospital field. In addition to the computer programs, central purchasing, central laundries, warehousing and many other programs adaptable to economy through joint operations, are being discussed today.

In Boston, Mass., they have already initiated a central service center which

they envision might in the future cover all the items I have discussed. They have already committed themselves to the leasing of one computer at \$25,000 per month—but this computer is going to serve several hospitals, each of whom will pay their fair share of the operational cost. At some future time this service center might undertake all types of service for the individual member hospitals.

Much has been said about the operation of joint laundry facilities and I am sure that my esteemed colleague, the Honorable JOSEPH TYDINGS of Maryland, who is a cosponsor of my amendment will discuss this matter in more detail since his constituency in Baltimore is currently faced with that problem. However, I want to say that this is a substantial area for joint enterprises for hospitals. I am aware that in Los Angeles, Calif., seven area hospitals anticipate savings of \$300,000 a year, by establishing a cooperative central laundry service. And it is understandable that hospitals could economize through the use of joint facilities in laundries. Hospitals for the most part have always operated their own laundry facilities because of the vital need to the hospital of an assured supply of laundry and particularly, an assured supply of bacteria free linen.

The American Hospital Association informs me that a survey conducted by the association of hospital operations for 1964, disclosed that of the voluntary nonprofit, short-term, general hospitals of 100 beds or more—which are deemed to be of sufficient size to justify economical operation of inhouse laundry facilities—less than 20 percent send their laundry out to commercial facilities. In those hospitals of 99 beds or less—which normally would not be presumed to be of sufficient size to justify the economic use of inhouse laundry facilities—the survey disclosed over 50 percent of such hospitals actually operate their own laundry facilities. The reasons are obvious. The hospitals require quality of cleanliness, assurance of availability of linens, and the need to have linens meet the bacteria-free requirements, even if it requires the hospitals to operate such facilities at a loss.

I am sure that this problem is facing all the hospitals in every State and large city in the country, and each of you Members of the Senate are as much concerned about this matter as I am. Only today, I have been informed that in western Kentucky, six rural hospitals have been attempting the establishment of a centralized laundry and purchasing facility. Also, on behalf of the people of Michigan, Congressman DINGELL introduced a bill to provide such tax exemption for joint enterprises for hospitals. In my own State of Kansas, as well as in Rhode Island, New York, Texas, Georgia, and I am sure in every State, hospitals are seeking to join hands in cooperative endeavors to hold down hospital costs.

Of course, these joint facilities can be initiated whether the joint enterprise is given the same tax-exempt treatment as is accorded the individual member hospital, but there are many problems in-

involved other than the question of direct Federal taxes. This exemption is necessary in order to attract grants from charitable foundations and gifts from individuals. The hospital field believes it could garner much support from these sources, but obviously neither source would be willing to donate without assurance of tax deductibility of the gift. Furthermore, without the appropriate Federal exemption in many States, the organization would be denied exemption status under State law and would be faced with real estate, sales, and income taxes.

My amendment is simple, gentlemen; it would give each hospital the same tax status as is enjoyed by the individual member hospital. It would not cost the taxpayers of this Nation any money and it will contribute greatly to stemming the serious ever-rising cost of hospital care. The tax exemption which would be authorized by my amendment had the support of the then Surgeon General of the United States, Dr. Luther Terry who, under date of November 24, 1964, addressed the Internal Revenue Service in support of providing this exemption to joint hospital facilities. This position was also supported in a letter dated December 2, 1965, addressed to the Department of the Treasury by the Honorable Philip R. Lee, M.D., Assistant Secretary of the Department of Health, Education, and Welfare. The exemption was further supported by the Honorable HARLEY O. STAGGERS, chairman of the House Committee on Interstate and Foreign Commerce, in a letter addressed by him to the Internal Revenue Service under date of November 23, 1966.

Mr. President, nowhere could you find persons more concerned and familiar with hospital operations. Naturally, weight must be given to their recommendations.

Mr. President, I urge the Senate to adopt this amendment.

Mr. LONG of Louisiana. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. LONG of Louisiana. Mr. President, I do understand the amendment. It is a meritorious amendment.

The amendment merely would permit organizations providing joint services to be exempt from the income tax. This is the same treatment now applied to hospitals. The provision was in the social security bill which was passed last year; and it has been approved by the Senate and the Committee on Finance on other occasions in previous years.

I have no objection to the amendment.

Mr. CARLSON. I am indebted to the distinguished Senator from South Dakota [Mr. MUNDT] and the distinguished Senator from Virginia [Mr. BYRD] for permitting me to take this action out of order.

Mr. TYDINGS. Mr. President, the amendment introduced by the Senator from Kansas [Mr. CARLSON], which I have cosponsored, is vitally important to the city of Baltimore as well as, ultimately, to almost every city of this country.

In Baltimore, six nonprofit hospitals have already combined their laundry operations in a tax-free building located adjacent to the Johns Hopkins Hospital. This combined laundry operation will save patients in these major hospitals hundreds of thousands of dollars in reduced costs. As Senator CARLSON has pointed out, hospital costs have been rising by some 15 percent per year or more and will continue to do so. Everyone agrees that it is in the public interest to help the hospitals reduce their costs.

I wish to make several points about this amendment using the facts as they apply to the Baltimore hospitals' laundry.

First, each of these six hospitals previously maintained their own individual, outmoded, and inefficient laundry prior to development of the new, modern, efficient, combined service.

Second, the development of this modern combined service has in no way resulted in a reduction of business to private laundries in Baltimore. Private commercial laundries in Baltimore have not objected to this combined laundry facility. And I emphasize that this combined laundry service takes no laundry from any other source. It serves the six hospitals and only the six hospitals.

Third, and this is the most important point—each one of the individual laundries had tax-exempt status; but unforeseen rigidities in the law have led the Internal Revenue Service to rule that the combined laundry service cannot receive tax-exempt status. It is my understanding that Treasury supports this amendment fully.

So, Mr. President, what we are merely doing here is correcting an unforeseen inequity. If it was appropriate and in the public interest for individual hospital laundries to have a tax-exempt status, then it surely is just as much necessary and in the public interest for the combined operation to have the same tax-exempt status.

I deeply hope that this amendment will be again adopted by the Senate—as it was adopted last year in the social security amendments—and that it will be retained in conference. If it is not enacted, the major hospitals of Baltimore will be additionally pressured to increase their already rapidly increasing charges.

On behalf of the people of the Baltimore area, I want to thank Senator CARLSON for his characteristic and far-sighted leadership on this important question.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 664). [Putting the question.]

The amendment (No. 664) was agreed to.

ORDER OF BUSINESS

Mr. JAVITS. Mr. President, I yield myself 4 minutes and I reserve 2 minutes of my 6 minutes for the Senator from Vermont [Mr. PROUTY].

The PRESIDING OFFICER. The Senator from New York is recognized.

S. 3249—INTRODUCTION OF NATIONAL MANPOWER ACT OF 1968

Mr. JAVITS. Mr. President, I am introducing today, on behalf of myself and Senator PROUTY, of Vermont, and 11 Republican Senators, the National Manpower Act of 1968. This proposal has been a matter of joint authorship by me and Senator PROUTY, on the Senate side, and Congressmen GOODELL and QUIE on the House side, and it is being introduced simultaneously today in the House with 63 sponsors. The Republican Senators who are joining us in this legislation are Senators ALLOTT, BROOKE, CASE, HANSEN, HATFIELD, KUCHEL, MORTON, PEARSON, PERCY, SCOTT, and COOPER.

The bill is the concerted and comprehensive response of Republicans in the Congress to meet the greatest single problem in our rural and urban slums. For unemployment and chronic underemployment is the master problem in the domestic crisis in this country today. It is the problem from which so many other critical shortcomings derive, including poor housing, lack of education, and lack of good health care, and it is the area in which a solution will produce the greatest impact on the problem of poverty.

This bill with its joint authorship is another example of the excellent cooperation between Republican House and Senate Members to produce effective and positive solutions to some of the gravest problems facing our Nation. It is our hope that, as we have on previous occasions, our colleagues on the majority side may join with us in making law these most desirable provisions of our bill to employ with strong participation of private enterprise 300,000 of the hard-core unemployed.

I am proud to point to the active and progressive record of the Republicans in Congress in this regard. For example, I would note the fact that 16 Republican Senators voted last year for the Emergency Employment Act which Senator CLARK, Senator PROUTY, and I introduced on the floor of the Senate. A little later last year, 23 Republican Senators joined me in introducing the Economic Opportunity Corporation legislation; and 19 others cosponsored the Domestic Development Bank bill—a \$2 billion anti-poverty proposal. Moreover, Republicans joined last year in opposing the Green amendment on the antipoverty program, which escalated the role of politicians in the community action program. And this year, of course, Republicans have supported in the Senate a progressive open housing bill, with 24 Republican Senators voting for that measure and only three against.

Now, in this bill, Republicans are taking a progressive and favorable stand on many of the recommendations of the National Advisory Commission on Civil Disorders. Our legislation is in accord with the recommendations of the Commission, and I feel it is noteworthy that members of the minority in Congress are willing to come to grips with the problems outlined in the report, while the President and members of his administration have constantly given the cold shoulder to this Commission, although it was appointed by the administration it-

self. We have in days past witnessed a lengthy silence on the document from the White House, followed by hardly more than an acknowledgment of the report's issuance, then successive statements of criticism from the Vice President and from the Secretary-designate of the Department of Health, Education, and Welfare. Much of this administration criticism is focused upon the alleged emphasis of the report on "white racism." But this kind of criticism diverts attention from the basic thrust of the report—its many constructive recommendations for governmental and private programs. This Republican bill is a constructive response to the report of the Riot Commission, not more criticism over terms. We are implementing its carefully documented bill of particulars as to the urgent action this country must take in the months and years ahead. The administration's cold shoulder given to this report is all but disgraceful, and I hope through this legislation that we may give the Congress the opportunity to hold hearings and to initiate a careful study of the Commission's work.

I want to emphasize that this legislation, costing nearly \$1 billion, is nonetheless introduced in the context of proposals to achieve a net reduction in Federal expenditures in fiscal year 1969. In other words, the cosponsors propose not to add \$1 billion to the President's proposed budget, but rather to establish priorities in that budget by cutting back heavily on low-priority programs and increasing effort in critical areas such as the urban crisis. In this regard, the human renewal fund proposal advanced by Republicans in the House of Representatives offers a model. In that proposal, almost 2 dozen specific cuts, totaling \$6½ billion, were suggested, with a proposed \$2½ million plowback of that cut into areas of manpower training, vocational education, low-income housing, and water and air pollution control programs. I do not, and the cosponsors of this legislation do not, support all the specific cuts recommended in the human renewal fund. We certainly reserve the right to disagree with the nature and amount of some of those cuts. But I do feel that some such budget cutting operation is a clear necessity, and this bill is part of that effort to set priorities.

There is hardly any need anymore to convince people of the great need for jobs for the poor in this country. There are at least 2 million unemployed in the Nation today and about 10 million underemployed—6.5 million of whom earn less than the annual poverty wage. A major part of the problem exists in the 500,000 so-called hard-core unemployed who live in the 50 largest cities, and this group would be one of the principle targets of the bill being introduced today. In the central cities the subemployment rate runs as high as 35 percent, and a newly completed report from the Bureau of Labor Statistics showed the jobless rate for nonwhite workers to be at least triple that of whites in the largest cities. For example, 32.7 percent of nonwhite aged 16 to 19 were without work in those cities, compared with an 11-percent jobless rate for white teenagers. Several legislative proposals have been made to

deal with this problem but they involve larger amounts of money. Senator CLARK has offered a bill costing an estimated \$10 billion to create 2 million public sector jobs in 4 years; and Congressman O'HARA in the House has called for a million jobs in 1 year at a cost of some \$5 billion. I cannot disagree with these legislators about the order of magnitude of the need, but their proposals may be unrealistic from the legislative point of view. The bill we offer today, designed to create 300,000 jobs for the hard-core unemployed in the first year of operation, is far more realistic in total cost and also achieves a lower unit cost per job slot created. Moreover, it is a balanced program, providing for both public and private jobs and for a linkage between the two types of programs.

I do, however, wish to emphasize the fact that this Republican proposal is the only bill which seeks specifically to deal with the critical problem of motivation of the hard-core poor in terms of public service job creation. There are a number of programs already existing in this field but they are characterized by extremely high drop-out rates and the prevalence of dead-end jobs.

This bill incorporates two innovative features designed specifically to deal with this problem. Most important, we would require in appropriate areas, such as neighborhood rehabilitation and clean-up, that the Secretary give a preference to employment projects funded through local service corporations. These would be small companies owned in substantial part by the employees themselves, and the company would be given a contract to perform the needed services with the possibility of earning incentive profits if the work were done in a particularly satisfactory manner. In this way the employees are working for themselves—they own "a piece of the action." From the point of view of encouraging the hard-core to remain on the job and not drop out, particularly the young adults who make up a major part of the group we are dealing with, this ownership feature can make all the difference. Of course, a good deal of technical assistance to these new companies will be necessary, and we allow the funding of separate development groups which would perform those services. It is also expected that the key management positions in the early days of these companies would be occupied by more experienced people.

We have also sought to deal with this motivation problem by giving persons who successfully participate in community service employment programs a preference for entry into on-the-job training and other placement programs operated by the Federal Government with private business. In this way, the new program provides a real job ladder and lead-in to regular competitive employment.

Finally, I ask unanimous consent to insert certain materials into the RECORD at this point in my remarks. First, a memorandum entitled "Explanation of the Republican Manpower Proposal." This memorandum is, in fact, a joint statement subscribed to by all cosponsors and it sets forth the elements of the package which we are introducing to-

day, some of which are in legislative form and some of which are accompanying understandings which the sponsors undertake to carry forth when the relevant measures—such as appropriation bills—come before us.

Second, I would include a detailed "Description of the National Manpower Act of 1968," which gives a point-by-point analysis of the bill.

Third, I ask inclusion of an excerpt from the report of the Riot Commission, giving its recommendations in the area of job training and employment; the passages in italics in this excerpt are those which our bill undertakes to implement. And finally, I ask that the text of the bill be printed at the end of my remarks.

We are introducing first title I of our bill, which is a set of amendments to the Manpower Development and Training Act, and that after that has been referred to committee we will then introduce title II, the tax credit proposal, as an amendment to the bill. In this manner, the tax incentive plan will also come before the Labor and Public Welfare Committee where—for the first time—we may hold hearings on its desirability in manpower terms. As to the tax implications there is no effort to bypass the Finance Committee. For if and when the Labor and Public Welfare Committee reports the tax incentive provisions, they might then go to the Finance Committee before any further action could be taken. I ask unanimous consent that the amendment, when it is introduced, be printed immediately at the end of the text of the bill in the RECORD.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a joint statement of the sponsors of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JOINT STATEMENT CONCERNING THE REPUBLICAN MANPOWER PROPOSAL

We are presenting this manpower legislation in the form of a four-part proposal designed to meet the Nation's urgent problems of hard-core unemployment in a balanced and flexible manner. We are proposing a major escalation of national effort in this area, yet we do so within the context of a reordering of our national priorities so that a net budgetary reduction can still be achieved. The proposal contains the following elements.

1. Private Enterprise Programs. The Republican Party has long endorsed the concept that the private sector has the primary responsibility and the greatest ability to deal with the hard-core unemployment problem. That view has now drawn major support from the Report of the National Advisory Commission on Civil Disorders, which has endorsed the idea of tax credits for employing the disadvantaged, an approach pioneered by the GOP in the Human Investment Act and other bills. Moreover, the GOP has advocated expansion of the on-the-job training program to provide more slots and more liberal reimbursement for employers. After having starved this program in the past by Administrative regulation, and in some cases diverting its funds, the President is only now beginning to expand it—using as his major authority a Republican sponsored amendment to the Economic Opportunity Act last year.

We now propose a substantial expansion and a new coordination of this approach.

First, the proposed legislation would establish a system of tax credits to employers for hiring the hard-core, along the lines suggested by the Riot Commission. We continue to support the Human Investment Act, which presents a somewhat different mechanism under which the tax credit would be given, and believe that both proposals deserve immediate analysis and consideration by the Administration and the Congress. We cannot understand why the President has ignored this proposal of his own Commission and we urge him to give the matter the urgent attention we feel it deserves. Second, we propose that each employer be given the option of receiving either the tax credit or a reimbursement under the on-the-job training (OJT) program for each new hard-core employee. In this context we support the new OJT effort and expanded funding for it.

Our proposal involves the creation of 220,000 new private sector jobs under this option technique. Following the estimates of the Riot Commission, we believe that 150,000 new jobs could be created in the first year under the tax credit approach, which would cost the Treasury about \$312 million in reduced tax revenues. This cost would, of course, be significantly reduced by tax revenues generated from the new wage earners. The remaining 70,000 jobs, if created under the OJT framework, would cost \$244 million, for a total cost of \$556 million. Since an employer would have a choice of the tax credit or reimbursement approach, the cost of the program would vary with the mix of credits and reimbursement which is finally elected, but the outer limits would be \$457 million (if all employers took the tax credit) and \$770 million (if all employers took the reimbursement under OJT).

2. Community Service Employment Program. We recognize that private enterprise cannot and should not be asked to do the whole job itself. There are many individuals not ready for employment in the private sector and some who might never be able to hold a job in regular competitive employment. For this group we propose a new community service employment program, creating work and training opportunities with both public and private employers in such fields as health, public safety, education, recreation, and neighborhood improvement. Such a program has now been recommended by the Automation Commission, the Urban Coalition, and the Riot Commission, and we believe our bill draws strong support from those sources.

This bill would differ in four major respects from other bills which have been introduced to create public service jobs. First, we suggest two new approaches to meet the difficult problems of high dropout rates and of motivation of prospective employees, who might view the program as involving dead-end jobs with no future. Our bill would require the Secretary of Labor to give a preference in appropriate cases to the conduct of such programs by profit-making companies operated and owned by the employees themselves. Thus, instead of hiring disadvantaged persons to work for the city sanitation department, they would instead be organized as a company and given a contract for neighborhood clean-up, with an incentive profit feature if they perform in a timely and effective manner. The employees are thus given the added motivations of ownership and profit. Development companies, which might be organized by local branches of the Urban Coalition, would provide management assistance and centralized business services to the new service companies. Another aspect of our bill would increase motivation by giving successful participants in the program a preference for enrollment in a training or placement program operated with private industry, so that a real job ladder into the private sector is offered.

Second, our bill would put a heavy emphasis on consolidation at the local level of

the various public service employment programs, including the Neighborhood Youth Corps and the new work program for welfare recipients. This consolidation was strongly urged by the Riot Commission. Third, the GOP bill specifically authorizes and encourages the development of a variety of programs in the area of public safety, including employment of community service officers in police departments and other personnel designed to improve police-community relations and grievance resolution. Fourth, the GOP bill involves a major role for the States, setting aside 40 percent of the funds for allocation through State plans drawn up by broadly representative groups.

This portion of the bill would create 80,000 new jobs at a cost of \$400 million in the first year; a second year authorization calls for 100,000 slots at a cost of \$500 million. The private sector and community service employment programs taken together would create a total of 300,000 new jobs in the first year, which is over four times more new jobs for the hard-core unemployed and underemployed than the President proposes to create in his JOBS program.

3. The Economic Opportunity Corporation. The Riot Commission endorsed the idea of a Federally chartered corporation which would be given the major role in coordinating and providing technical assistance for private employers who wish to use either the tax credit or reimbursement schemes for hiring the hard-core poor. The corporation would work with the Secretary of Labor in drawing up guidelines for the tax credit and OJT programs, and would suggest and evaluate different programs designed to involve businessmen in hiring the disadvantaged. This corporation approach is in fact a GOP idea of long-standing, beginning with the Economic Opportunity Corporation bill introduced in 1966. The latest version of the EOC legislation, cosponsored by 23 Republicans in the Senate, provides a vehicle almost in line with the Riot Commission's recommendations.

Our new bill would include legislation establishing an Economic Opportunity Corporation to serve as a national technical assistance group to assist private industry and other private groups to participate in antipoverty activities in such fields as manpower training and minority-group entrepreneurship. It would be a central source of information on useful government programs and a repository of case studies of successful private efforts. It would also be a source of seed money and program assistance for local groups, such as the local Urban Coalitions. The total cost of this proposal is \$20 million.

4. New Programs Under the MDTA. Finally, our legislation makes three important additions to the Manpower Development and Training Act of 1962. First, we would add a new statement of purpose to that Act to focus it upon the problem of hard-core unemployment and underemployment. Second, we would add a new requirement for an automated job vacancy survey and matching program to put people into available jobs; this has long been a GOP proposal and was endorsed by the Riot Commission. Third, we propose to authorize a continuing evaluation and study of Federal manpower programs by the General Accounting Office to guide further legislation and to improve our capacity for legislative oversight. We do not intend this bill as a comprehensive set of reforms of present programs under the MDTA, and each sponsor reserves the right to introduce separate measures for that purpose.

The entire package is endorsed by its sponsors with the understanding that it is within the framework of proposals to cut low priority programs in the fiscal year 1969 budget on the order of about \$6.5 billion. Part of this amount would be reallocated to high priority programs such as presented in this manpower legislation. The Human Renewal Fund concept advanced by Republicans in

the House of Representatives offers a possible approach in this regard.

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a point-by-point description of the proposed bill.

There being no objection, the point-by-point description was ordered to be printed in the RECORD, as follows:

POINT-BY-POINT DESCRIPTION OF NATIONAL MANPOWER ACT OF 1968

TITLE I—AMENDMENTS TO THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962

Title I of the bill is composed of six major amendments to the Manpower Development and Training Act of 1962, which is presently before the Congress for extension. These amendments are not intended as reforms of present programs under the MDTA, but are rather new language and new programs to be operated by the Department of Labor.

1. *Statement of Purpose.* The bill commences with a complete rewriting of the statement of purpose of the MDTA. That Act's purpose section was originally written with a heavy emphasis upon problems caused by automation and technological change, but that is not the major problem today nor is it the way the Act is being applied. The new statement of purpose emphasizes the problems of unemployment and underemployment caused by lack of education and occupational skills and by existence of artificial barriers to employment, as well as the problems of automation. It calls for a comprehensive national manpower policy which places the basic responsibility for job training and employment with the private sector, in the same manner that the National Housing Act identifies the private sector as having the chief responsibility in the housing field.

2. *Job Vacancy and Labor Supply Information.* The United States is the only major industrial country which has no national program of identification of job vacancies. The Republican Party has long espoused such a program, operated on an automated basis, and the Riot Commission has now endorsed this type of program. To carry out this idea, the bill amends section 106 of the MDTA to require such a job opportunity survey and a program for matching unemployed persons with employer requirements and job vacancies on a local, inter-area, and nationwide basis.

3. *Community Service Employment Programs.* The bill adds a new title IV to the MDTA establishing a community service employment program for the hard-core. Employment and training opportunities would be created in a wide variety of public-service type activities—including health, education, public safety, neighborhood rehabilitation, beautification, and recreation. The programs could be operated by public or private organizations. The bill would make available an authorization of \$400 million for this purpose for fiscal year 1969, and \$500 million for fiscal year 1970; these amounts would create 80,000 and 100,000 new jobs in those two years.

Forty percent of the amounts authorized would be allotted according to a state allocation formula for use within a state plan arrangement; for this purpose each state would receive a minimum of \$1 million. This is essentially a block grant scheme, with the states redistributing the funds to local program sponsors. The state plan provisions require that the state not retain more than 25 percent of its funds for operation of community service employment programs directly by state agencies; but this "pass-through" requirement can be waived by the Secretary if he finds that the programs would be more effectively operated by the state itself (as where the state is too small to have to deal through local sponsors).

The remaining 60 percent of the sums appropriated for any fiscal year are to be

expended by the Secretary to carry out the purposes of the Act in accordance with such criteria as he may prescribe. If he likes the way the state is administering its funds under the state plan, he could add funds from this discretionary 60 percent to the 40 percent already passing through the state plan. Alternatively, he may fund local programs directly.

The bill emphasizes coordination and consolidation of all the various community service employment programs at the local level. The Secretary is required to designate urban and rural areas containing high concentrations or proportions of unemployed or low-income persons as eligible areas for the purposes of the program. He then designates a prime sponsor for each eligible area to receive all assistance under the program. The prime sponsor is also to receive all funding under the various other community service employment programs now in existence, including the Neighborhood Youth Corps, Operation Mainstream, the New Careers program, and the Work Incentive program under the Social Security Act. The prime sponsor becomes the funnel at the local level through which all these resources would flow, and the prime sponsor must submit to the Secretary a community employment plan setting forth a comprehensive program according to which all these funds will be spent. These local community employment plans are, in turn, coordinated with the development of the state plan. Both the Secretary and the state agencies would provide assistance through the prime sponsor in each eligible area, although there is a by-pass provision if they find that funding a different organization would better carry out the purposes of the program.

The state plan provisions are similar to those set forth under Title III of the Elementary and Secondary Education Act of 1965. As under that Act, the state plan would be developed and carried out by a policy group (the state manpower policy council) which would be broadly representative of the job training and employment resources of the state.

Financial assistance under the program would be provided both to create the new jobs and to provide necessary supportive services in the area of education, training, day care and other services. In order to increase the motivation of participants, the Secretary is instructed to give a preference in appropriate cases to the funding of programs through local service companies which would be owned in substantial part by the employees themselves. For example, in the area of neighborhood clean-up the Secretary could seek to form a local service company to undertake the project on a contractual basis, and he could provide for added profits to the group if they perform a contract in an expeditious and successful manner. In this way, the employees are actually given the added motivations of business ownership, and in time their company would become self-sufficient and seek contracts as a regular competitive business. This approach is presently proving successful with certain pilot projects being conducted by the Labor Department. In order to facilitate the formation of such local service companies and to aid them in becoming self-sufficient, the Secretary would be authorized to provide assistance to "service development organizations." Such development groups, which might be the local chapters of the Urban Coalition or even private profit-making companies, would be authorized to undertake planning and market research activities, legal and technical assistance, management training, and the provision of business services on a centralized basis (such as billing and accounting).

In order to further increase motivation among program participants, and to remove the aura of dead-end and make-work employment, the Secretary is instructed to give a preference to successful participants for

entry into an on-the-job training or placement program providing jobs in the private sector. In this manner, a real job ladder into regular competitive employment is provided.

A special section deals with the critical need for programs in the field of public safety. The Secretary is directed to provide special encouragement to the development of such programs, whereby employment and training opportunities would be created for disadvantaged persons as community service officers and other support personnel in or under the supervision of the police departments. This type of proposal has been endorsed by the "Crime Commission" (The President's Commission on Law Enforcement and Administration of Justice) and by the Riot Commission. Community service officers could be full or part-time employees who would perform services in the area of recruiting police personnel from eligible areas and minority groups, improving police-community relations and grievance resolution mechanisms, and performing community escort and patrol work. In this manner, the new employment program would have a direct impact on stabilizing community conditions and reducing the incidence of crime. The Secretary and the Attorney General would jointly prescribe the regulations governing programs in the public safety area.

Federal financial assistance under the program would be limited to 90 percent of project costs, where the program was being carried out on a grant basis by a public agency or private nonprofit organization.

4. *The Economic Opportunity Corporation.* The Riot Commission endorsed the idea of a Federally chartered corporation to take on the major role in coordinating and providing technical assistance under private sector job programs (on-the-job training and tax credits). Republicans have long backed the concept of a national technical assistance corporation to encourage private industry to participate in antipoverty efforts such as manpower programs. The bill would reintroduce this Economic Opportunity Corporation proposal, co-sponsored last year in the Senate by 23 Republicans, as a new title V of the MDTA.

The Corporation would be a Federally chartered nonprofit corporation with a board of directors of 15 persons, five appointed by the President and ten elected by the members of the Corporation. Any person or organization could become a member of the Corporation by making a tax exempt gift to it or by buying one of its bonds. The Federal Government would provide \$10 million to the Corporation as seed money on a one-time basis, with a requirement that up to \$10 million more Federal funds would be provided to match private contributions and bond purchases.

The Corporation would have a variety of purposes and functions: (1) it would establish an information and research center on how private groups can participate in antipoverty activities, including information on existing government programs and case studies on successful private projects; (2) it would actively provide technical assistance to organizations in the planning and operation of such projects and programs; (3) it would participate in the development and conduct on a contractual or other basis of government antipoverty programs linked to the private sector, including by working with the Secretary of Labor in drawing up regulations under the tax credit and on-the-job training schemes; (4) it would undertake special responsibilities in the fields of manpower training and business ownership by minority group and low-income persons; and (5) it would develop and carry out its programs through subsidiary groups at the local level, such as local Urban Coalitions. It is hoped that by providing a legislative base for this kind of private technical assistance activity, the Congress can promote a greater degree of cooperation between the Urban

Coalition and the National Alliance of Businessmen.

While the Corporation itself would be a nonprofit organization, it could establish profit-making subsidiaries as new business enterprises in the urban and rural slums, and it could hope to raise funds to sustain its operations through those operating subsidiaries.

5. *Evaluation and Oversight by the Comptroller General.* Under a Republican amendment last year to the antipoverty legislation, the General Accounting Office is presently conducting a qualitative evaluation of the Office of Economic Opportunity programs. This marks a new departure for the GAO into qualitative program evaluation, beyond its usual accounting and auditing functions. It is the first step in building that agency into a real legislative oversight and evaluation arm for the Congress. This bill would propose to extend that development to the field of manpower training and employment by authorizing a continuing study and oversight by the GAO of Federal work and training programs. Among the activities specifically included in the study would be a comparison of the relative costs and benefits of different types of training and employment programs, and an annual report to the Congress on the efforts made by Federal agencies in complying with legislative amendments and the instructions in Committee Reports. Such sums as might be necessary to carry out these functions are authorized by this legislation, which takes the form of a new title VI of the MDTA.

TITLE II—TAX CREDITS FOR EMPLOYMENT OF THE HARD-CORE

The GOP has long championed the idea of providing tax credits to private industry for the training and employment of the hard-core poor. That approach has now received important endorsement from the Riot Commission. The Commission established a special task force of businessmen to look into the question of private sector involvement, and that task force recommended a detailed program of tax credits in the manpower field. Title II of the bill sets forth in legislative form the tax credit proposal advanced by the Riot Commission. This is in no way preemptive of the GOP Human Investment Act, which provided a tax credit through a somewhat different mechanism, but is intended as a companion proposal with the understanding that both tax credit bills deserve immediate consideration by the Administration and the Congress.

The Commission's tax credit proposal stresses simplicity and automatically more so than does any previous version of the idea. The local recruiting agency would give to each hard-core person a "green card." For each new such employee added to his payroll, the employer would receive a substantial tax credit, providing that no existing employees are dismissed in order to hire green-card people. The employer would get a credit equal to 75 percent of the employee's wages and fringe benefits for the first six months, 50 percent for the second 6 months, 25 percent for the second year, and nothing thereafter. As an inducement to force the employer to encourage the worker to stay on the job, the employer would get none of the credit for any 6 or 12 month period unless the employee stayed for that entire period. The credit was purposefully based on the employee's wage in order that a precisely defined figure could be used; apparently, the businessmen thought that any effort to refer to training costs would involve too much red tape and Internal Revenue Service oversight. Using a minimum wage of \$1.60 per hour, the total credit for the first year would be \$2,080, and over the 2-year period would come to \$2,912—far less than the \$3,500 reimbursement (over 15 months) contemplated under the President's new "JOBS" (OJT) program. Of course, the cost of the tax credit would

be even less than this since there is a wash effect in that the new wage earners are paying taxes and producing revenue for the Treasury.

The GOP bill would allow an employer to take either a tax credit or to seek reimbursement under the OJT program, but would not allow both. The cosponsors would, therefore, support the OJT program and would in fact ask for greater funding for it than the President has suggested, but no legislation is needed in that regard since MDTA-OJT has an open-ended authorization.

Job slots authorized and costs

This set of manpower proposals would create 300,000 new jobs for the hard-core poor in the first year of operation. The community service employment program would be extended to a second year at a level of 100,000 job slots, and of course the tax credit and on-the-job training provision would also remain in force but we cannot estimate the number of slots which might be produced in the second year under those approaches. The figure of 300,000 jobs is to be compared to the 70,000 jobs suggested by the President for fiscal year 1969 under his new JOBS program; hence, this Republican proposal would create over 4 times as many new jobs as the President recommends.

The 300,000 new jobs would be split into 220,000 jobs in the private sector under the tax credit-OJT option, and 80,000 jobs under community service employment program. Of the 220,000 private sector jobs, the bill follows the estimate of the Riot Commission in suggesting that the tax credit approach would produce 150,000 slots in the first year. The remaining 70,000 slots would be allocated to the on-the-job training program. Using this set of estimates, the cost of the tax credit in the first year would be \$312 million, and the cost of the reimbursements would be \$244 million, for the total cost of \$556 million for the private sector jobs. (But since an employer would have a choice of the tax credit or reimbursement approaches, the cost of the private sector job program could vary between \$457 million, if all the jobs were financed by the tax credit, and \$770 million, if they were all financed by way of reimbursements.) To this must be added \$400 million for the community service employment program and \$20 million for the Economic Opportunity Corporation, for a total cost of \$976 million. But while this is the cost, it is not the appropriation since the tax credit approach involves no direct appropriation. The total in new appropriations requested is \$664 million, of which \$420 million is above and beyond what the President requested in the fiscal year 1969 budget. It should also be understood that the cost figure would in fact be somewhat less than the \$976 million projected, because there would be a wash effect due to the added tax revenues to the Treasury from the new wage earners.

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD the recommendations of the Riot Commission concerning employment problems.

There being no objection, the recommendations were ordered to be printed in the RECORD, as follows:

[From chapter 17 ("Recommendations") of Riot Commission]

(Italic indicates concepts implemented in GOP bill)

Goals and Objectives

We propose a comprehensive national manpower policy to meet the needs of both the unemployed and the underemployed. That policy will require:

(a) Continued emphasis on national economic growth and job creation so that there will be jobs available for those who are newly trained, without displacing those already employed.

(b) Unified and intensive recruiting to reach those who need help with information about available jobs, training and supportive aids.

(c) Careful evaluation of the individual's vocational skills, potentials and needs; referral to one or more programs of basic education, job training and needed medical, social and other services; provision for transportation between the ghetto and outlying employment areas, and continued follow-up on the individual's progress until he no longer needs help.

(d) Concentrated job training efforts, with major emphasis on on-the-job training by both public and private employers, as well as public and private vocational schools and other institutional facilities.

(e) Opening up existing public and private job structures to provide greater upward mobility for the underemployed, without displacing anyone already employed at more advanced levels.

(f) Large-scale development of new jobs in the public and private sectors to absorb as many as possible of the unemployed, again without displacement of the employed.

(g) Stimulation of public and private investment in depressed areas, both urban and rural, to improve the environment, to alleviate unemployment and underemployment and, in rural areas, to provide for the poor alternatives other than migration to large urban centers.

(h) New kinds of assistance for those who will continue to be attracted to the urban centers, both before and after they arrive.

(i) Increasing small business and other entrepreneurial opportunities in poverty areas both urban and rural.

Basic Strategies

To achieve these objectives, we believe the following basic strategies should be adopted.

Existing programs aimed at recruiting, training and job development should be consolidated according to the function they serve at the local, state and federal levels, to avoid fragmentation and duplication.

We need comprehensive and focused administration of a unified group of manpower programs.

High priority should be placed on the creation of new jobs in both the public and private sectors.

In the public sector a substantial number of such jobs can be provided quickly, particularly by government at the local level, where there are vast unmet needs in education, health, recreation, public safety, sanitation, and other municipal services. The National Commission on Technology, Automation, and Economic Progress estimated that there are 5.3 million potential jobs in public service. But the more difficult task is to provide jobs in private industry for the hard-core unemployed. Both strategies must be pursued simultaneously, with some arrangements for a flow of trainees from public sector jobs to on-the-job training in private companies.

Creation of jobs for the hard-core unemployed will require substantial payments to both public and private employers to offset the extra costs of supportive services and training.

Basic education and counseling in dress, appearance, social relationships, money management, transportation, hygiene and health, punctuality, and good work habits—all of which employers normally take for granted—may have to be provided. Productivity may be low for substantial periods.

Special emphasis must be given to motivating the hard-core unemployed.

A sure method for motivating the hard-core unemployed has not yet been devised. One fact, however, is already clear from the experience of the Job Corps, Neighborhood Youth Corps, and Manpower Development and Training projects: the previously hard-core unemployed trainee or employee must

believe that he is not being trained for or offered a "dead-end" job. Since, by definition, he is not eligible even for an entry-level position, he must be given job training. He must be convinced that, if he performs satisfactorily after the training period he will be employed and given an opportunity to advance, if possible, on a clearly defined "job ladder," with step increases in both pay and responsibility.

Artificial barriers to employment and promotion must be removed by both public agencies and private employers.

Racial discrimination and unrealistic and unnecessarily high minimum qualifications for employment or promotion often have the same prejudicial effect. Government and business must consider for each type of job whether a criminal record should be a bar, or whether a high school diploma is an inflexible requirement. During World War II, industry successfully employed large numbers of the previously unemployed and disadvantaged by lowering standards and by restructuring work patterns so that the job fit the level of available skills. We believe that too often government, business and labor unions fail to take into account innate intelligence and aptitudes which are not measurable.

Present recruitment procedures should be reexamined. Testing procedures should be revalidated or replaced by work sample or actual job tryouts. Applicants who are rejected for immediate training or employment should be evaluated and counseled by company personnel officers and referred to either company or public remedial programs. These procedures have already been initiated in the steel and telephone industries.

Special training is needed for supervisory personnel.

Support needed by the hard-core unemployed during initial job experience must be provided by specially-trained supervisors. A new program of training entry-level supervisors should be established by management, with government assistance if necessary.

Programs

We are proposing programs in six areas in order to illustrate how we believe the basic strategies we have outlined can be put into effect:

Consolidating and concentrating employment efforts.

Opening the existing job structure.

Creating one million new jobs in the public sector in three years.

Creating one million new jobs in the private sector in three years.

Developing urban and rural poverty areas.

Encouraging business ownership in the ghetto.

RECRUITMENT

There is an urgent need for a comprehensive manpower recruitment and services agency at the community level. The Federal-State Employment Service is not serving this function in many urban areas and cannot do so unless it is substantially restructured and revitalized. This was recommended in 1965 by the Employment Service Task Force but has been only partially achieved by the Employment Services' new Human Resources Development Program.

We believe that every city should establish such a comprehensive agency, with authority to direct the coordination of all manpower programs, including those of the Employment Service, the community action agencies, and other local groups.

The Concentrated Employment Program established by the Department of Labor last year and now operating in the ghettos of 20 cities and in two rural areas is an important beginning toward a unified effort at the local level. A related effort by the Department of Housing and Urban Development is under way in the Model Cities Program, now in the planning stage in some 63 cities.

PLACEMENT

In order to match men to jobs, we need more effective interchange of information. A computerized nationwide service should be established, as recommended in 1966 by the National Commission on Technology, Automation, and Economic Progress, with priority of installation given to the large urban centers.

An information system of this sort would simplify placement—including inter-area placement and placement from ghetto to suburb. This in turn will often require transportation assistance and counseling.

The existing experimental mobility program, under the Manpower Development and Training Act, should be greatly expanded, and should support movement from one part of a metropolitan area to another. Aid to local public transportation under the Mass Transportation Program should be similarly expanded on the basis of the experiment, with subsidies for routes incorporating ghetto areas.

Job development and placement in private industry is critical to our proposed strategies, and is now handled separately by a variety of agencies and programs: the Manpower Development and Training Act program, the vocational education programs, the Vocational Rehabilitation program, the Job Corps and, recently, the Neighborhood Youth Corps and several new adult work experience and training programs. All seek to place trainees with private employers, sometimes with and sometimes without training assistance, through a wide variety of local agencies, as well as through the Employment Service, community action agencies and others.

A single cooperative national effort should be undertaken with the assistance of business, labor and industrial leaders at national, regional and local levels. It should reach both individual companies and trade associations, systematically and extensively, with information about incentive programs and aids, and with authority to negotiate contractual arrangements and channel incentive funds to private employers.

The recently created Urban Coalition, with its local affiliate, brought together many of the interested parties in the private sector. The National Alliance of Businessmen just established by the President will be concentrating private industry efforts in on-the-job training of the hard-core unemployed. We believe that it may be helpful now to create a federally-chartered corporation with authority to undertake the coordination of the private sector job program outlined below.

OPENING THE EXISTING JOB STRUCTURE

Arbitrary barriers to employment and promotion must be eliminated.

Federal, state and local efforts to ensure equal opportunity in employment should be strengthened by:

(a) Including federal, state and local government agencies as employers covered by Title VII of the 1964 Civil Rights Act, the federal anti-discrimination-in-employment law, which now covers other employers of 50 or more employees (and as of July, 1968 will cover employers of 25 or more employees), labor unions, and employment agencies.

(b) Granting to the Equal Employment Opportunity Commission, the federal enforcement agency under Title VII, cease and desist power comparable to the enforcement power now held by other federal agencies administering regulatory national policies.

(c) Increasing technical and other assistance now provided through the Equal Employment Opportunity Commission to state and local anti-discrimination commissions under the provisions of Title VII.

(d) Undertaking, through the Equal Employment Opportunity Commission, an industry and areawide enforcement effort based not only upon individual complaints but

upon employer and union reports showing broad patterns of discrimination in employment and promotion.

(e) Linking enforcement efforts with training and other aids to employers and unions, so that affirmative action to hire and promote may be encouraged in connection with investigations of both individual complaints and charges of broad patterns of discrimination.

(f) Substantially increasing the staff and other resources of the Equal Employment Opportunity Commission to enable it to perform effectively these additional functions.

Equal opportunity for employment by federal contractors under Executive Order 11246 should be enforced more vigorously against both employers and unions. This is particularly critical in regard to federal construction contracts. Staff and other resources of the Office of Contract Compliance in the Department of Labor should be increased so that withholding federal contracts is made a meaningful sanction.

The efforts of the Department of Labor to obtain commitments from unions to encourage Negro membership in apprenticeship programs are especially noteworthy and should be intensified.

Title VI of the 1964 Civil Rights Act, which provides for withholding federal grant-in-aid funds from activities which discriminate on grounds of color or race, should be supported fully, particularly in regard to recruitment for federally-assisted job training in hospitals, universities, colleges and schools. The staff and other resources of the Department of Health, Education, and Welfare, which has primary jurisdiction over these functions, should be expanded for this purpose.

The federal government, through the Civil Service Commission and other agencies, should undertake programs of recruitment, hiring and on-the-job training of the disadvantaged and should reexamine and revalidate its minimum employment and promotion standards. In this regard the federal government should become a model for state and local government and the private business community. To enlist the full cooperation of federal agencies, they should be reimbursed by internal allowances for the extra costs of training disadvantaged employees.

One way to improve the condition of the under-employed, on a national basis, would be to increase the federal minimum wage and widen its coverage. The recent increase to \$1.60 per hour yields an annual wage only slightly above the poverty level and only for those employed full time. As an alternative, we recommend consideration be given to an experimental program of wage supplements or other methods for achieving the same income goals.

CREATING 1 MILLION NEW JOBS IN THE PUBLIC SECTOR IN 3 YEARS

Existing public employment programs should be consolidated and substantially increased. The Neighborhood Youth Corps last year involved approximately 300,000 youths between the ages of 14 and 22 in three programs of work experience. NYC offers either full-time positions year-round or during the summer, or part-time positions during the school year. Several similar but considerably smaller public employment programs involve chronically unemployed adults, generally in sub-professional community betterment work: Operation Mainstream in small towns and rural areas; New Careers and Special Impact in urban areas; and Work Experience and Training for Welfare recipients under the 1967 Amendments to Title IV of the Social Security Act.

Emphasis in the expanded public employment programs should be shifted, so far as possible, from work experience to on-the-job training, and additional federal assistance, above the present payment of 90 percent of

wages, should be provided to pay for the additional costs of training and supportive services to trainees. *Federal assistance should be scaled so that it does not terminate abruptly; the public employer should pay a progressively larger share of the total cost as trainees' productivity increases.*

Emphasis should also be placed on employing trainees to improve run-down neighborhoods and to perform variety of other socially useful public services which are not "make-work," including Community Service Officers in police departments, as recommended by the President's Commission on Law Enforcement and Administration of Justice.

Public employers should be required to pay on-the-job trainees not less than the minimum wage or the prevailing wage in the area for similar work, whichever is higher. We recommend a three-year program, aimed at creating 250,000 new public service jobs in the first year and a total of one million such jobs over the three-year period.

The Department of Defense should (a) continue its emphasis on (and consider expansion of) "Project 100,000" under which it accepts young men with below standard test scores; (b) intensify its recruiting efforts in areas of high unemployment so that young men living there are fully aware of the training and service opportunities open to them and (c) substantially expand Project Transition which began on a pilot basis in 1967 and involves training and counseling for service-men scheduled to return to civilian life.

CREATING 1 MILLION NEW JOBS IN THE PRIVATE SECTOR IN 3 YEARS¹

Eighty-four percent of the nation's 73 million civilian workers are at work in 11.5 million private enterprises. The involvement of only 5 percent of all private companies would represent the use of more than 500,000 enterprises and provide a massive additional spur to job development.

Based on experience with training by private employers, primarily under the Manpower Development and Training Act, our recommendations are aimed at inducing a substantially expanded number of companies to hire and train the hard-core unemployed.

Recruitment and referral of the disadvantaged unemployed should be undertaken by a public body such as the manpower service agency we have already described. The manpower service agency would determine eligibility and certify a chronically unemployed person for on-the-job training by issuing to him a certificate of eligibility or similar identifying document. This would entitle the private employer to reimbursement for certain costs. A similar technique was used under the G.I. Bill for training veterans of World War II and the Korean conflict.

The direct reimbursement system currently used in on-the-job training programs should be expanded and the existing programs should be consolidated under a single administration. These programs include the Manpower Development and Training Act and the new Work Training in Industry components of the Neighborhood Youth Corps, New Careers and Special Impact programs. Under these programs a federal agency contracts to reimburse each employer for a negotiated average cost of training and supportive services for each trainee.

If a corporation is chartered by Congress to serve as the government's primary instrument for job development in the private sector, the corporation, through regional and local subsidiaries, would:

- (a) systematically work with trade groups, companies and labor unions;
- (b) arrange for any necessary supportive services and prevocational educational training which employers are unable to provide; and
- (c) enter into contracts with employers

providing for their reimbursement for the extra costs of training.

The employer would of course undertake not to dismiss existing employees in order to hire trainees; to provide job training along with supportive services; and to give reasonable assurance that the employee would be fairly promoted if he successfully completed his training period.

To serve as an incentive to widespread business involvement the average amount of the reimbursement must exceed substantially the approximately \$1,000 per year payment now made under federal on-the-job training programs and, for the hard-core unemployed, should at least equal the \$3,500 recommended by the President in his Manpower Message of January 23, 1968.

An additional and potentially lower cost method of stimulating on-the-job training and new job creation for the hard-core unemployed is through a tax credit system, provided that guidelines are adopted to ensure adequate training and job retention. The Commission believes this alternative holds promise. With respect to the tax credit device, we note that since its enactment in 1962 the existing 7 percent incentive credit for investment in new equipment and machinery has been highly successful as a technique for reaching a large number of individual enterprises to effectuate a national policy. During the 1962-65 period the credit was taken on 1,239,000 corporate tax returns representing new investment in the amount of approximately \$75 billion.

To assure comparable simplicity in administration, the tax credit should be geared to a fixed amount for each certificated employee hired and retained at least for a six-month period, with decreasing credits for retention for additional periods totaling another 18 months. No credit would be allowed if existing employees are displaced, or if the turnover rate among certificated employees during each period exceeds more than twice the employer's usual turnover rate.

The corporation chartered by Congress would establish performance guidelines, compare and evaluate the results of job training operations by contract and under the tax credit and arrange to share with all participating employers the experiences of other companies with techniques for training the hardcore unemployed and holding them on the job.

The Commission recommends a three-year program, aimed at creating 300,000 new private sector jobs in the first year and a total of one million such jobs over the three-year period, provided that the tax credit is enacted at an early date. If the tax credit is not so enacted, a realistic goal would be 150,000 such jobs in the first year and one million jobs over a three to five-year period.

ENCOURAGING BUSINESS OWNERSHIP IN THE GHETTO

We believe it is important to give special encouragement to Negro ownership of business in ghetto areas. The disadvantaged need help in obtaining managerial experience and in creating for themselves a stake in the economic community. The advantages of Negro entrepreneurship also include self-employment and jobs for others.

Existing Small Business Administration equity and operating loan programs, under which almost 3,500 loans were made during fiscal year 1967, should be substantially expanded in amount, extended to higher risk ventures and promoted widely through offices in the ghetto. Loans under Small Business Administration guarantees, which are now authorized, should be actively encouraged among local lending institutions.

Counseling and managerial assistance should also be provided. The new Department of Commerce program under which Negro small businessmen are assisted in

creating associations for pooling purchasing power and sharing experience, should be expanded and consolidated with the Small Business Administration loan program. The Interracial Council for Business Opportunity and other private efforts to provide counseling by successful businessmen outside the ghetto should be supported and enlarged.

Mr. JAVITS. I ask unanimous consent that the bill be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3249) to provide a comprehensive national manpower policy, to improve the Manpower Development and Training Act of 1962, to authorize a community service employment program, and for other purposes introduced by Mr. JAVITS (for himself and other Senators), was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S. 3249

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Manpower Act of 1968".

TITLE I—AMENDMENTS TO THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962

FINDINGS AND DECLARATION OF NATIONAL MANPOWER POLICY

SECTION 101. Section 101 of the Manpower Development and Training Act of 1962 is amended to read as follows:

"FINDINGS AND DECLARATION OF NATIONAL MANPOWER POLICY

"Sec. 101. (a) The Congress hereby finds that the full promise of American life and prosperity is denied to many persons in many communities due to severe problems of unemployment and underemployment. Numerous individuals, many of whom live in trapped-in economically depressed rural and urban areas, are unable to obtain jobs in regular competitive employment because of (1) lack of education, occupational skill, or work experience, (2) the existence of artificial barriers to employment and occupational advancement, and (3) a continuing process of automation and technological change which renders obsolete many traditional skills. An even larger number are underemployed, earning a marginal existence in low skilled occupations characterized by substandard wages, great uncertainty of tenure, little chance for advancement, and low social status. While these problems of unemployment and underemployment affect all racial groups, they afflict nonwhite Americans in disproportionately great numbers and in a manner which this nation cannot permit to continue. This situation has been seriously aggravated by a process of urbanization in which unskilled rural residents have migrated to central city areas even while many businesses and places of employment are leaving those areas. This migration of people and jobs is overwhelming current job training and job development programs in the urban centers and is undermining the economic potential of many rural areas of the nation.

"(b) The Congress further finds that there is a critical need for more and better trained personnel in many vital occupational categories, including professional scientific, technical and public service occupations. At the same time there is a huge need for additional public services and public facilities in such fields as those which (1) contribute to the development of human potential, (2) better the conditions under which people live, learn and work, and (3) aid in the de-

¹ The text of the report to the Commission by its Private Enterprise Task Force is set forth as an appendix to this Report.

velopment and conservation of natural resources.

"(c) The Congress hereby declares that the welfare and security of the nation require a commitment by it to a policy and program devoted to the elimination of poverty and blight in the United States. An essential element in that program must be a comprehensive national manpower policy designed to assure to all citizens an opportunity for useful work and training which will promote self-sufficiency and enhance personal dignity. The policy to be followed in attaining the national manpower objective hereby established shall be founded upon the following principles:

"(1) that private enterprise has the basic responsibility and maximum ability to provide job training and employment;

"(2) that Government assistance should, in the first instance, be used to encourage private enterprise to serve more of the total need and to otherwise complement private effort through education, training, job development, upgrading skills and other supportive assistance; and

"(3) that the residual responsibilities of Government shall include the development of meaningful employment opportunities in public service activities in order to fulfill critical needs and further to relieve unemployment.

The Congress further recognizes that there are numerous individuals who, by reasons of age, health, or other involuntary disability, cannot be helped through an employment or training program and for whom some form of income maintenance is necessary."

JOB VACANCY AND LABOR SUPPLY INFORMATION

SEC. 102. Section 106 of the Manpower Development and Training Act of 1962 is amended to read as follows:

"JOB VACANCY AND LABOR SUPPLY INFORMATION

"SEC. 106. (a) The Secretary of Labor is directed, using every appropriate facility, to develop, compile, and make available information regarding skill requirements, occupational outlook, job opportunities, labor supply in various skills, and employment trends on a National, State, area or other appropriate basis which shall be used in the educational, training, counseling, and placement activities performed under this Act. In the administration of this Act, the Secretary shall give the highest priority to performing the duties prescribed by this section with particular emphasis on identifying and publishing those occupations, skills, industries, and geographic areas in which the supply of qualified workers is insufficient to meet existing and foreseeable future needs.

"(b) The Secretary is further directed to develop and establish a program for matching qualifications of unemployed, underemployed and low-income persons with employer requirements and job vacancies on a local, interarea and nationwide basis. Such programs shall be designed to provide a quick and direct means of communication among local recruitment, job training and placement agencies and organizations, and between such agencies and organizations on an interarea and nationwide basis, with a view to the referral and placement of such persons in jobs. In the development of such a program, the Secretary shall establish a network utilizing electronic data processing and telecommunication systems for the storage, retrieval, and communication of job and worker information."

AUTHORIZING A COMMUNITY SERVICE EMPLOYMENT PROGRAM, AN ECONOMIC OPPORTUNITY CORPORATION, AND AN EVALUATION BY THE COMPTROLLER GENERAL

SEC. 103. The Manpower Development and Training Act of 1962 is further amended by adding at the end thereof the following new titles:

"TITLE IV—COMMUNITY SERVICE EMPLOYMENT PROGRAMS

"PURPOSE

"SEC. 401. The purpose of this title is to provide meaningful public and private employment opportunities in community service occupations for unemployed and low-income residents of urban and rural poverty areas in order to meet severe problems of unemployment and underemployment, to prepare such persons for jobs in the private sector of the economy, to increase opportunities for local entrepreneurship through the creation of local service companies, and to meet critical national needs for community services.

"DEFINITIONS

"SEC. 402. As used in this title—

"(1) 'Community service employment program' means a program designed primarily to provide public or private work and training opportunities to unemployed and low-income persons in the fields of health, public safety, education, recreation, streets, parks and municipal maintenance, housing and neighborhood improvement, conservation and rural development, beautification, and other fields of human betterment and community improvement.

"(2) 'Low-income' has the same meaning as provided by section 125 of the Economic Opportunity Act of 1964.

"(3) 'Local service company' means a corporation, partnership or other business entity organized to operate a community service employment program or component thereof and owned in substantial part by unemployed or low-income residents of one or more eligible areas.

"(4) 'Secretary' means the Secretary of Labor.

"(5) 'State' means each of the several States and the District of Columbia.

"(6) 'State agency' means the State agency designated by the Governor of the State or an officer chosen by him or by State law to develop and carry out the State plan for the purposes of this title.

"AUTHORIZATION OF APPROPRIATIONS AND DISTRIBUTION OF FUNDS

"SEC. 403. (a) For the purpose of carrying out the provisions of this title there is hereby authorized to be appropriated the sum of \$400,000,000 for the fiscal year ending June 30, 1969, and the sum of \$500,000,000 for the fiscal year ending June 30, 1970.

"(b) From the sums appropriated for any fiscal year to carry out programs authorized under this title, the Secretary shall allot not less than 40 percent among the States in accordance with criteria developed pursuant to section 130 of the Economic Opportunity Act of 1964, except that no State shall receive less than \$1,000,000. Effective after June 30, 1969, that part of each State's allotment received pursuant to this subsection shall be available only for financial assistance to the State agency for use pursuant to a State plan approved under section 410, unless such State agency has not submitted a State plan prior to a date to be fixed by the Secretary, or the State plan is not approved by the Secretary.

"(c) The remainder of sums appropriated for any fiscal year to carry out programs authorized by this title shall be expended in accordance with such criteria as the Secretary may prescribe.

"(d) Funds allotted under this title for any fiscal year to a State for use by a State agency to carry out a State plan, which the Secretary determines are not required for the purposes for which such funds were allotted, shall be available to prime sponsors within such State for such community service employment programs as the Secretary determines will contribute to carrying out the purposes of this title.

"ELIGIBLE AREAS AND PRIME SPONSORS

"SEC. 404. (a) The Secretary shall define and designate all urban and rural areas containing high concentrations or proportions of unemployed or low-income persons as areas eligible for assistance under this title. He shall make such designations on a comprehensive basis and, wherever applicable, without regard to his intention or capacity to allocate funds to all such areas. A community program area designated under section 121 of the Economic Opportunity Act of 1964 shall be deemed to be an eligible area for the purposes of this title. An eligible area may be a city, county, multicounty, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivision) which provides a suitable organizational base and possesses the commonality of interest needed for a community service manpower program. The Secretary shall consult with the heads of other Federal agencies responsible for programs relating to community action, manpower services, physical and economic development, small business development, housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among those programs and community service employment programs assisted under this title.

"(b) For each eligible area, the Secretary shall recognize a public or private nonprofit organization which shall serve as the prime sponsor to receive funds under section 405 (except as otherwise provided in section 405(c)). A prime sponsor recognized under the provisions of section 122 of the Economic Opportunity Act of 1964 shall be deemed to be the prime sponsor for its eligible area for the purposes of this title.

"FINANCIAL ASSISTANCE

"SEC. 405. (a) The Secretary is authorized to provide financial assistance to prime sponsors having a community employment plan approved by him pursuant to section 409 and an application approved by him pursuant to section 406, and to State agencies having a State plan approved by him pursuant to section 410 for the planning, conduct, administration and evaluation of community service employment programs.

"(b) Financial assistance under this section shall include, but not be limited to, programs and activities designed—

"(1) to provide jobs immediately to unemployed or low-income persons who are otherwise unable to obtain satisfactory employment;

"(2) to provide placement services and resources for such persons completing manpower training and anti-poverty programs assisted by Federal funds, particularly programs under title II of this Act and under the Economic Opportunity Act of 1964;

"(3) to assure that persons employed in a community service employment program are provided opportunity for further education, training and necessary supportive services, including pretraining services, rehabilitative and preventive services for narcotic and alcoholic addicts, basic maintenance, transportation, health, family, day care, counseling, placement and other services, as may be necessary for them to participate in such program and to be prepared to gain regular competitive employment in the future;

"(4) to promote the establishment of local service companies and the use of service development organizations to encourage the establishment of such companies.

For purposes of providing education, training and supportive services set forth in paragraph (3) of this subsection, funds appropriated under this title may be used to carry out such service programs under other titles of this Act and under other provisions of Federal law, by reimbursement to other

Federal departments and agencies where appropriate, if the Secretary determines that such use of funds is the most effective method of providing such services. Financial assistance under this section may include loans for the purchase of supplies and equipment necessary to carry out community service employment programs.

"(c) The Secretary or the State agency may provide financial assistance to a public agency or private organization other than a prime sponsor to carry out one or more community service employment programs or components thereof whenever the Secretary or such agency determines, after soliciting and considering comments of the prime sponsor, if any, that such assistance would enhance program effectiveness or acceptance on the part of persons served and would serve the purposes of this part.

"APPLICATIONS

"Sec. 406. The Secretary may provide financial assistance under this title only upon application by a State agency, pursuant to an approved State plan, a prime sponsor, pursuant to an approved community employment plan, or another eligible applicant which contains assurances satisfactory to the Secretary that the applicant will—

"(1) establish adequate administrative controls over programs to be assisted under this title;

"(2) establish effective and efficient personnel policies designed to serve the purposes of this title;

"(3) establish procedures for proper accounting of Federal funds, necessary reporting, and evaluation of such programs;

"(4) carry out such other requirements and conditions as are set forth in this title.

"LOCAL SERVICE COMPANIES

"Sec. 407. (a) Whenever practicable, the Secretary and the State agencies shall encourage and give preference to applications under which community service employment programs are to be carried out on a contractual basis by local service companies. Such contracts may provide for financial incentives to be paid to such local service companies for satisfactory and superior performance of such programs.

"(b) In order to promote the establishment and development of local service companies on a self-sustaining basis, the Secretary is authorized, under the authority contained in section 405, to provide financial assistance to public agencies or private organizations to act as service development organizations. Such financial assistance may be provided for the costs of programs operated by service development organizations to assist in the establishment and maintenance of local service companies, including but not limited to the following:

"(1) planning and research, including feasibility studies and market research;

"(2) legal and technical assistance, business counseling, management and training assistance, assistance in obtaining contracts or subcontracts from public or private sources, and other related services, including the provision of business services on a centralized basis; and

"(3) financial assistance, including the provision of start-up capital and assistance in securing performance or other bonds needed by the company or its employees.

A service development organization may, pursuant to regulations issued by the Secretary, be permitted to take a minority equity interest in a local service company and to deal with such a company on a franchise or other profit-making basis.

"(c) In developing local service companies and service development organizations, the Secretary and the State agencies may make use of services available from other Federal agencies and from private organizations, including appropriate private technical assistance organizations, in a contractual or other suitable basis.

"PUBLIC SAFETY PROGRAMS

"Sec. 408. (a) The Secretary shall encourage the development of, and is authorized to, provide financial assistance under section 405 for community service employment programs in the field of public safety. Such programs may include the development of employment and training opportunities for community service officers and other support personnel in or under the supervision of police departments. Such officers and personnel may be full or part-time employees who need not meet ordinary police standards for employment and who are or will be engaged in such activities as (i) recruitment of police personnel from eligible areas, (ii) improvement of police-community relations and grievance resolution mechanisms in such areas, (iii) community escort and patrol activities, (iv) encouragement of neighborhood participation in crime prevention and public safety efforts, and (v) other similar activities designed to improve police capabilities and public safety in eligible areas.

"(b) The Secretary and the Attorney General shall jointly prescribe regulations governing community service employment programs in the field of public safety and crime prevention.

"CONSOLIDATION OF COMMUNITY SERVICE EMPLOYMENT PROGRAMS AND COMMUNITY EMPLOYMENT PLANS

"Sec. 409. (a) In order to promote consolidation and coordination of community service employment programs, the Secretary shall make arrangements, to the extent practicable, to assure that the prime sponsor in any eligible area receives all Federal funds available for community service employment programs in such area, including all such programs assisted under this title, section 432 of the Social Security Act, and sections 123 and 502 of the Economic Opportunity Act of 1964 (except as otherwise provided in section 123(c) of the Economic Opportunity Act of 1964). Where the area served by any program assisted under this Act is within an area covered by a comprehensive city demonstration plan under title I of the Demonstration Cities and Metropolitan Development Act of 1966, the prime sponsor and the city demonstration agency shall consult and coordinate on all matters affecting work and training aspects of the comprehensive city demonstration program.

"(b) The prime sponsor shall develop and carry out a community employment plan, which shall be part of any comprehensive work and training program for that area required under section 123 of the Economic Opportunity Act of 1964. A community employment plan shall establish priorities among community service needs, and funds received by the prime sponsor pursuant to this title for all community service employment programs shall be subject to and allocated according to such a plan approved by the Secretary.

"(c) Such plan shall be submitted to the Governor of the State or an officer designated by him or by State law for consideration in the development and implementation of the State plan, and no community employment plan shall be approved by the Secretary until the Governor or such officer has had a reasonable opportunity to submit to the Secretary his evaluation of that plan, including comments on the relationship of that plan to the State plan.

"(d) The prime sponsor shall provide for participation of employers, labor organizations, and residents of the eligible areas and members of the groups served in the planning and conduct of the community service employment programs.

"(e) Where a community service employment program is not to be operated by a local service company, the prime sponsor shall be encouraged to make use of public and private organizations as delegate agencies to

operate such programs, including without limitation agencies governed with the participation of the poor and other residents of the neighborhoods or rural areas served, educational institutions, the public employment service, the public welfare agency, other health and welfare agencies, private training institutions, and other capable public and private organizations.

"STATE PLANS

"Sec. 410. (a) (1) Any State desiring to receive financial assistance to carry out a State plan under this title shall (A) establish within its State agency a State manpower policy council (hereinafter referred to as the 'State council') which meets the requirements set forth in paragraph (2), (B) sets dates before which prime sponsors and other applicants must have submitted applications for financial assistance to the State agency, and (C) submit to the Secretary a State plan at such time and in such detail as the Secretary may deem necessary.

"(2) The State council shall—

"(A) be appointed by the State agency, and be broadly representative of the job training and employment resources of the State, including persons representative of (i) prime sponsors within the State, (ii) State and local public agencies operating or familiar with job training, vocational education, and employment programs, including the State employment service and the State department of education, (iii) private organizations operating or otherwise interested in such programs, including persons representative of business and labor, (iv) residents of the areas and persons served by programs assisted under this title, and (v) other appropriate groups and organizations;

"(B) develop and implement the State plan, including the development of criteria for approval of applications under the State plan;

"(C) upon timely request by an applicant, review and take final action upon the decision of the State agency to reject in whole or in part such applicant's submission for funding under the State plan;

"(D) evaluate programs and projects assisted under this title; and

"(E) prepare and submit through the State agency a report of its activities, recommendations, and evaluations, together with such additional comments as the State agency deems appropriate, to the Secretary at such times and in such form as he may prescribe.

"(3) The Secretary shall not approve a State plan, or modification thereof, unless he determines that such plan—

"(A) sets forth criteria for achieving an equitable distribution among eligible areas within the State of assistance under this title, which criteria shall be based on consideration of (i) the geographic distribution and density of the population in such areas, (ii) the concentrations or proportions of unemployed and low-income persons, (iii) the number and trends in the movement of job opportunities in private enterprise, and (iv) the movement of unemployed and low-income persons to and from such areas;

"(B) assists prime sponsors within the State in their responsibility of coordinating and consolidating community service employment programs within the areas served by such sponsors, and appropriately supports their community service employment plans, including through the provision of planning and technical assistance;

"(C) reflects satisfactory effort and achievement by the State in coordinating and consolidating community service employment programs assisted under this title with such programs assisted under other provisions of Federal law, including such programs under the Social Security Act;

"(D) provides for exchange of information and experience among programs conducted pursuant to the plan and for the adoption of effective procedures for evaluation of such

programs and for the communication of the results of such evaluation to the Secretary;

"(E) provides that final action with respect to any application shall not be taken without first affording such applicant reasonable notice and opportunity for a hearing;

"(F) provides that not more than 25 percent of the funds received by the State agency pursuant to this title shall be used to carry out community service employment programs operated by State agencies, and the remainder of such funds shall be distributed to prime sponsors, except as provided in section 405(c); and

"(G) otherwise conforms to the requirements of this title, including the preference to be granted pursuant to section 407 and to special conditions prescribed by section 411.

"(b) The Secretary may, if he finds after reasonable notice and opportunity for hearings that only a part of a State plan meets the requirements set forth in subsection (a) (3), approve that part of the State plan and provide to the State agency only that part of its allotment under this section as he determines is necessary to carry out the part of the plan so approved. The remainder of the amount which such State agency would be eligible to receive under this title shall be made available to prime sponsors and other applicants within the State by the Secretary.

"(c) The Secretary shall not finally disapprove any State plan submitted under this section, or any modification thereof, without first affording the State agency submitting the plan reasonable notice and opportunity for a hearing.

"SPECIAL CONDITIONS AND LIMITATIONS

"SEC. 411. (a) The Secretary shall not provide financial assistance for any program under this title unless he determines, in accordance with such regulations as he may prescribe, that—

"(1) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

"(2) the program will not result in displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal or other funds in connection with work that would otherwise be performed;

"(3) wages paid a participant shall not be lower than, whichever is the highest (A) the minimum wage which would be applicable to the employment under the Fair Labor Standards Act of 1938 if section 6 of such Act applied to the participant and he was not exempt under section 13 thereof, (B) the State or local minimum wage for the most nearly comparable covered employment, or (C) the prevailing rate of wages in the area for similar work; and

"(4) the program will, to the maximum extent feasible, contribute to the occupational development or upward job mobility of individual participants.

"(b) For programs assisted under this title related to physical improvements, preference shall be given to those improvements which will be substantially used by low-income persons and families in the areas served by the prime sponsor.

"(c) Programs approved under this title shall, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement, including civil service requirements which restrict employment opportunities for the disadvantaged.

"(d) Federal financial assistance to any program or activity authorized under this title and carried out by a public agency or private nonprofit organization shall not exceed 90 per centum of the cost of such program or activity, including costs of adminis-

tration: *Provided*, That Federal financial assistance with respect to any participant in a program under this title who is an employee of a State or local public agency shall be progressively reduced from year to year with a view to increasing insofar as possible the financial contribution of such public agency. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

"INDUSTRIAL EMPLOYMENT POOL

"SEC. 412. The Secretary shall establish procedures, pursuant to regulations issued by him, to give preference to qualified participants in community service employment programs assisted under this title for entry into programs operated by him offering on-the-job training and employment opportunities in the private sector.

"ADMINISTRATION

"SEC. 413. (a) The Secretary shall provide for the administration of all community service employment programs under his jurisdiction within a single office or agency within the Department of Labor.

"(b) In administering the provisions of this Act the Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or private nonprofit agency or institution, in accordance with agreements between the Secretary and the head thereof.

"(c) The Secretary may make payments to any prime sponsor which has an application approved by him pursuant to section 406 and to any State agency which has a State plan approved by him under section 407 and to any other applicant eligible for financial assistance under this Act in installments and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

"WITHHOLDING

"SEC. 414. Whenever the Secretary, after reasonable notice and opportunity for hearings finds that there has been a failure by a prime sponsor to comply substantially with any requirement set forth in the approved application or community employment plan of that sponsor entered into under this title, or by a State to comply substantially with any requirement set forth in the plan of that State approved under this title, or a failure by any applicant receiving assistance from a prime sponsor or State agency for the purpose of carrying out a program under this title to comply substantially with the requirements in its approved application, the Secretary shall notify the prime sponsor, State agency, or other applicant that further payments will not be made to the prime sponsor, State agency or other applicant under this title (or, in his discretion, that the prime sponsor, or State agency shall not make further payments under this title to agencies and organizations receiving assistance from it and affected by the failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made to the prime sponsor, State agency, or other applicant under this title, or payments by the prime sponsor or State agency under this title shall be limited to agencies and organizations not affected by the failure, as the case may be.

"EVALUATION AND REPORTS

"SEC. 415. (a) The Secretary shall provide for the continuing evaluation of programs under this title. He shall require recipients of financial assistance under this title to provide such data as may be necessary to evaluate the effectiveness of such programs, and he shall arrange for obtaining the opinions of participants about the strengths and weaknesses of such programs. He may contract for independent evaluations of programs and of selected individual projects assisted under this title. The results of such

evaluation shall be included in the report required by this section.

"(b) Not later than the first day of March of each year, the Secretary shall prepare and submit to the President for transmittal to the Congress a full and complete report on the programs and activities assisted under this title.

"TITLE V—ECONOMIC OPPORTUNITY CORPORATION

"SEC. 501. This title may be cited as the 'Economic Opportunity Corporation Act of 1968'.

"FINDINGS AND PURPOSE

"SEC. 502. (a) The Congress hereby finds that—

"(1) conditions of rural and urban poverty and widespread urban blight threaten the general welfare and domestic security of the country and require an expanded dedication of effort and commitment of resources aimed at their elimination;

"(2) the major resources and strength of this country reside in the private sector of the Nation's economy and any successful effort to eliminate poverty and urban blight must involve a massive application of private resources;

"(3) a substantial number of individuals and organizations in the private sector, including business firms, labor unions, foundations, educational institutions, and professional and civic organizations, are willing to contribute to the solution of these problems, but their participation is often inhibited by the lack of any central source of information at the national and local levels about successful private initiatives, the unavailability of effective technical assistance, and a lack of seed money from private sources; and

"(4) the full and effective involvement of the private sector in the solution of these problems can be facilitated by the Federal Government, but the organization and control of this effort is best left with the private sector.

"(b) It is the purpose of this title to establish a private, nonprofit corporation to stimulate greater participation by the private sector—agencies, organizations, and individuals—in public and private manpower training and antipoverty programs by—

"(1) providing a central source for information and research on opportunities for private sector participation in such programs;

"(2) furnishing technical and financial assistance to private organizations and individuals in planning and carrying out such programs;

"(3) participating, on a contractual or other basis, in the development and implementation of governmental antipoverty programs with a view to encouraging an important and effective role therein by the private sector;

"(4) encouraging and coordinating efforts with private business firms to make available, on as expedited a basis as possible, training programs and employment opportunities designed to provide employment for unemployed and low-income persons and to assist such persons to develop their educational and employment potentialities to the maximum practicable extent;

"(5) encouraging the development of business ventures designed to provide needed products and services and to increase local business ownership in urban slum areas; and

"(6) developing, in conjunction with public and private organizations, methods of applying modern business management techniques to the solution of social problems, and otherwise encouraging increased participation by private enterprise in such programs and in providing needed public services.

"CREATION OF CORPORATION

"SEC. 503. (a) There is hereby established a nonprofit Economic Opportunity Corporation (hereinafter referred to as the 'Corpora-

tion') which will not be an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this title and, to the extent consistent with this title, to the District of Columbia Nonprofit Corporation Act. The right to repeal, alter, or amend this title is expressly reserved.

"(b) No part of the net earnings of the Corporation shall inure to the benefit of any private person, and it shall qualify as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501(a) of such Code.

"PROCESS OF ORGANIZATION

"SEC. 504. There is hereby established a Commission for the appointment of incorporators. The Commission shall be composed of the Vice President of the United States, who shall act as Chairman, the Speaker of the House of Representatives, the Director of the Office of Economic Opportunity, the Secretary of Labor, the Secretary of Commerce, and the majority leader and minority leader of the Senate and of the House of Representatives. The Commission shall meet within thirty days after the enactment of this title and shall appoint incorporators, by and with the advice and consent of the Senate, who shall serve as the initial Board of Directors until the first annual meeting of members or until their successors are selected and qualified. The incorporators shall take whatever actions are necessary to organize the Corporation, including the filing of articles of incorporation under the District of Columbia Nonprofit Corporation Act.

"DIRECTORS AND OFFICERS

"SEC. 505. (a) The Corporation shall have a Board of Directors consisting of fifteen individuals who are citizens of the United States, one of whom shall be elected annually by the Board to serve as Chairman. Five members of the Board shall be appointed by the President of the United States, by and with the advice and consent of the Senate, for terms of three years except that (1) the terms of the directors first taking office shall be effective on the date on which other members of the Board are elected and shall expire as designated by the President at the time of appointment, one at the end of one year, two at the end of two years, and two at the end of three years after such date; and (2) any director so appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. Ten members of the Board shall be elected annually by the members of the Corporation.

"(b) The Corporation shall have a President, and such other officers as may be named and appointed by the Board of Directors, at rates of compensation fixed by the Board, and serving at the pleasure of the Board. No individual other than a citizen of the United States may be an officer of the Corporation. No officer of the Corporation shall receive any salary from any source other than the Corporation during the period of his employment by the Corporation.

"MEMBERSHIP IN THE CORPORATION

"SEC. 506. (a) Any person or organization may become a member of the Corporation by—

"(1) purchasing from the Corporation one or more of the debentures of the Corporation referred to in section 507(a); or

"(2) donating to the Corporation money or property (taken at fair market value) in an amount or amounts to be determined by the Board, but in no event less than \$100.

"(b) Each member shall be entitled to one vote regardless of the amount of debentures held by him or the amount donated by him to the Corporation.

"(c) Any donations to the Corporation shall qualify as charitable contributions

within the meaning of section 170 of the Internal Revenue Code of 1954.

"FINANCING OF THE CORPORATION

"SEC. 507. (a) The Corporation may issue such bonds, debentures, or other certificates of indebtedness at such times and on such terms and conditions as the Board may determine to be required for the fulfillment of the purpose of the Corporation.

"(b) The Secretary of the Treasury is authorized to make grants to the Corporation to assist it in meeting its organizational expenses and in carrying on its activities. There is authorized to be appropriated not to exceed \$20,000,000 for the purpose of providing financial assistance under this subsection, except that \$10,000,000 shall be made available to the Corporation at the time of its incorporation and additional amounts, not to exceed in aggregate \$10,000,000 shall be made available from time to time to match donations or purchases of debentures made pursuant to section 506(a). Appropriations authorized under this subsection shall remain available until expended.

"ACTIVITIES AND POWERS OF THE CORPORATION

"SEC. 508. (a) In order to carry out the purposes of this title, the Corporation is authorized to—

"(1) establish an information and research center on how private individuals and organizations can participate in anti-slum and anti-poverty projects, including information on existing government programs and incentives and on promising privately sponsored projects, and including research on new governmental and private incentives or forms of organization which would be helpful;

"(2) Organize educational programs, including the use of conferences and mailings, to disseminate information in order to encourage private individuals, agencies, organizations, and business enterprises to participate in anti-slum and anti-poverty activities;

"(3) provide technical assistance to public and private agencies and organizations in the planning and operation of programs and projects including advising representatives of the United States Government concerning effective means of encouraging the participation of the private sector in such programs and projects;

"(4) participate and coordinate on a contractual or other basis in government programs in support of the purposes of this title, including programs providing reimbursements, tax credits, or other incentives to private employers to encourage the training and employment of unemployed and low-income persons;

"(5) stimulate the establishment of, invest in, and operate new and existing business enterprises which, by reason of their location, employment effect, or products or services produced, would ameliorate conditions of poverty and urban blight, including new business enterprises operated for profit by the Corporation as well as enterprises which would be owned by existing firms or by other organizations or individuals;

"(6) establish one or more subsidiary corporations, including one or more corporations which qualify as small business investment companies under title III of the Small Business Investment Act of 1958 (15 U.S.C. 681 et seq.), to invest in or operate such new business enterprises;

"(7) provide technical and financial assistance to private lending institutions and other private organizations in order to stimulate the provision of capital to new and existing enterprises located in urban areas of high concentration of low-income persons or owned by low-income persons;

"(8) develop in conjunction with public and private agencies and organizations methods for the application of modern business management techniques to the solution of social problems, and otherwise encourage the participation of private agencies

and organizations in providing needed public services;

"(9) establish and support new and existing private organizations at the State and local levels designed to carry out the purposes of this title and to mobilize their communities to support antislum and anti-poverty programs; and

"(10) carry on such other activities as would further the purposes of this title.

"(b) In the performance of the functions set forth in subsection (a), the Corporation is authorized to—

"(1) enter into such contracts, leases, cooperative agreements, or other transactions as the Board of Directors deems appropriate to conduct the activities of the Corporation;

"(2) charge such fees as the Board of Directors deems reasonable and appropriate;

"(3) carry out its activities, wherever desirable, on an areawide, State, or local basis through such entities as the Board of Directors deems appropriate;

"(4) accept and use, either with or without reimbursement as the case may be, such services, equipment, and facilities of agencies of the Federal Government, State governments, or other local political subdivisions as are necessary to conduct the activities of the Corporation efficiently, and such Federal agencies are authorized to provide, with or without reimbursement, such services, equipment, and facilities to such Corporation;

"(5) receive grants and other financial assistance from the United States and from State and local governments, foundations, corporations, and other organizations and individuals, to carry out activities consistent with the purposes of this title; and

"(6) exercise all powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act.

"REPORTS TO THE CONGRESS

"SEC. 509. The Corporation shall transmit to the President and Congress, annually and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments under this title.

"TITLE VI—EVALUATION AND OVERSIGHT STUDY BY THE COMPTROLLER GENERAL

"EVALUATION AND OVERSIGHT STUDY

"SEC. 601. (a) The Comptroller General of the United States (hereinafter referred to as the 'Comptroller General') is authorized and directed to conduct a continuing evaluation of all job training, work experience and employment programs conducted or financially assisted by the United States and to otherwise assist the Congress in its legislative oversight functions with respect to such programs.

"(b) The evaluation conducted pursuant to this title shall include—

"(1) an analytical and statistical breakdown of unemployment and underemployment in the Nation, including information on the relative incidence of such problems in specific age, racial, and other relevant groups and in different geographical locations;

"(2) a comparison of the relative costs and benefits of different types of training and employment programs, including such a comparison between—

"(A) institutional and on-the-job training,

"(B) different types of institutional and on-the-job training,

"(C) training for job entry and for job advancement, and

"(D) job development programs in community service activities and in regular competitive employment;

"(3) an evaluation of job upgrading programs and of the relative importance of such programs compared to other training and employment programs designed to ob-

tain meaningful employment for hard-core unemployed persons;

"(4) an evaluation of the degree of coordination between different job training and employment programs at the Federal, State and local levels, and between such programs and other governmental programs closely associated with them, including programs under the Demonstration Cities and Metropolitan Development Act of 1966;

"(5) an evaluation of the degree of effective support provided by the Federal-State Employment Service system to job training and employment programs for unemployed and low-income persons; and

"(6) an evaluation of the administration and management by Federal departments and agencies of job-training and employment programs.

"(c) The Comptroller General shall assist the Congress in its legislative oversight function with respect to all job training, work experience and employment programs conducted or financially assisted by the United States by—

"(1) reporting to the Congress at least annually on the efforts and progress made by Federal departments and agencies in complying with and implementing (A) legislation authorizing or extending such programs enacted within the two-year period prior to the issuance of such report, and (B) instructions contained in the reports of relevant Committees of the Congress with respect to such legislation; and

"(2) performing such other oversight functions as the Congress may require.

"REPORTS

"SEC. 602. The Comptroller General shall make such interim reports as he deems advisable, and, not later than sixty days after the beginning of each calendar year, he shall submit to the Congress a complete report on his activities under this title, including a detailed statement of his findings and conclusions together with such recommendations, including recommendations for additional legislation as he deems advisable.

"POWERS OF THE COMPTROLLER GENERAL

"SEC. 603. (a) The Comptroller General or, on the authorization of the Comptroller General, any officer of the General Accounting Office, may, for the purpose of carrying out the provisions of this title, hold such hearings, take such testimony, and sit and act at such times and places as he deems advisable. Any officer designated by the Comptroller General may administer oaths or affirmations to witnesses appearing before the Comptroller General or such designated officer.

"(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Comptroller General, upon request made by him, such information as he deems necessary to carry out his functions under this title.

"(c) The Comptroller General is authorized—

"(1) to appoint and fix the compensation of such staff personnel as he deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, and

"(2) to procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at rates not to exceed \$100 a day for individuals.

"(d) The Comptroller General is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of his duties under this title.

"AUTHORIZATION

"Sec. 604. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title."

TECHNICAL AMENDMENTS

SEC. 104. (a) Section 302 of the Manpower Development and Training Act of 1962 is amended by inserting a comma and "other than titles IV, V, and VI," immediately after "this Act".

(b) Section 308 of such Act is amended by inserting "other than titles IV, V, and VI," immediately after "this Act".

AMENDMENT NO. 679

Mr. JAVITS. Mr. President, on behalf of myself and Senators PROUTY, ALLOTT, BROOKE, CASE, HANSEN, HATFIELD, KUCHEL, MORTON, PEARSON, PERCY, SCOTT, and COOPER, I submit an amendment, intended to be proposed by us, jointly, to Senate bill 3249, the proposed National Manpower Act of 1968. I ask unanimous consent that the amendment be printed in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, and appropriately referred; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 679) was referred to the Committee on Labor and Public Welfare, as follows:

Insert at the end thereof the following new title:

"TITLE II—PRIVATE INDUSTRY EMPLOYMENT INCENTIVES

"SHORT TITLE

"SEC. 201. This title may be cited as the 'Employment Incentive Act of 1968'.

"DECLARATION OF PURPOSE

"SEC. 202. It is the purpose of this title to provide incentive to American business to invest in the improvement of the Nation's human resources by hiring, training, and employing presently unemployed and underemployed workers lacking needed job skills.

"ALLOWANCE OF TAX CREDIT

"SEC. 203. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 40 as section 41, and by inserting after section 39 the following new section:

"SEC. 40. WAGES OF DISADVANTAGED EMPLOYEES

"(a) GENERAL RULE.—There shall be allowed, as a credit against the tax imposed by this chapter, the amount determined under subpart C of this part.

"(b) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section and subpart C.

"(b) Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by adding at the end thereof the following new subpart:

"SUBPART C—RULES FOR COMPUTING CREDIT FOR WAGES OF DISADVANTAGED EMPLOYEES

"SEC. 51. Amount of credit.

"SEC. 52. Definitions; special rules.

"SEC. 51. AMOUNT OF CREDIT.

"(a) DETERMINATION OF AMOUNT.—

"(1) GENERAL RULE.—The amount of the credit allowed by section 40 for the taxable year shall be equal to the sum of—

"(A) 75 percent of the qualified wages paid to, or with respect to, each disadvantaged employee for services performed during the first six months of employment of each such employee.

"(B) 50 percent of the qualified wages paid to, or with respect to, each disadvantaged employee for services performed during

the second six months of employment of each such employee, and

"(C) 25 percent of the qualified wages paid to, or with respect to, each disadvantaged employee for services performed during the second year of employment of each such employee.

"(2) LIMITATION BASED ON AMOUNT OF TAX.—Notwithstanding paragraph (1), the credit allowed by section 40 for the taxable year shall not exceed—

"(A) so much of the liability for the taxable year as does not exceed \$25,000, plus

"(B) 50 percent of so much of the liability for tax for the taxable year as exceeds \$25,000.

"(3) LIABILITY FOR TAX.—For purposes of paragraph (2), the liability for tax for the taxable year shall be the tax imposed by this chapter for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 35 (relating to partially tax exempt interest),

"(C) section 37 (relating to retirement income), and

"(D) section 38 (relating to investment in certain depreciable property).

For purposes of this paragraph, any tax imposed for the taxable year by section 531 (relating to accumulated earnings tax) or by section 541 (relating to personal holding company tax) shall not be considered tax imposed by this chapter for such year.

"(4) MARRIED INDIVIDUALS.—In the case of a husband or wife who files a separate return, the amount specified under subparagraphs (A) and (B) of paragraph (2) shall be \$12,500 in lieu of \$25,000. This paragraph shall not apply if the spouse of the taxpayer has no paid qualified wages for, and has no unused credit carryback or carryover to, the taxable year of such spouse which ends within or with the taxpayer's taxable year.

"(5) AFFILIATED GROUPS.—In the case of an affiliated group, the \$25,000 amount specified under subparagraphs (A) and (B) of paragraph (2) shall be reduced for each member of the group by apportioning \$25,000 among the members of such group in such manner as the Secretary or his delegate shall by regulations prescribe. For purposes of the preceding sentence, the term "affiliated group" has the meaning assigned to such term by section 1504(a), except that all corporations shall be treated as includible corporations (without any exclusion under section 1504(b)).

"(b) CARRYBACK AND CARRYOVER OF UNUSED CREDIT.—

"(1) ALLOWANCE OF CREDIT.—If the amount of the credit determined under subsection (a) (1) for any taxable year exceeds the limitation provided by subsection (a) (2) for such taxable year (hereinafter in this subsection referred to as "unused credit year") such excess shall be—

"(A) a disadvantaged employee wage credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(B) a disadvantaged employee wage credit carryover to each of the 7 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit by section 40 for such years, except that such excess may be a carryback only to a taxable year ending after the date of the enactment of the Human Investment Act of 1968. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 10 taxable years to which (by reason of subparagraphs (A) and (B)) such credit may be carried, and then to each of the other 9 taxable years to the extent that, because of the limitation contained in paragraph (2), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(2) LIMITATION.—The amount of the unused credit which may be added under para-

graph (1) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided by subsection (a) (2) for such taxable year exceeds the sum of—

“(A) the credit allowable under subsection (a) (1) for such taxable year, and

“(B) the amounts which, by reason of this subsection, are added to the amount allowable for such taxable year and attributable to taxable years preceding the unused credit year.

“SEC. 52. DEFINITIONS; SPECIAL RULES.

“(a) DISADVANTAGED EMPLOYEE.—

“(1) IN GENERAL.—For purposes of this subpart, the term ‘disadvantaged employee’ means an individual certified by the Secretary of Labor (or by an agency or organization designated by him), prior to his employment by the taxpayer, as an unemployed or underemployed individual who meets the requirements and conditions prescribed by the Secretary of Labor under paragraph (2), except that such term does not include any individual receiving training from the taxpayer under a Federally assisted on-the-job training program, including any such program under the Manpower Development and Training Act of 1962 or the Economic Opportunity Act of 1964.

“(2) REQUIREMENTS AND CONDITIONS.—The Secretary of Labor shall prescribe the requirements and conditions which must be met by an unemployed or underemployed individual to be eligible for certification for purposes of paragraph (1).

“(3) RULES AND REGULATIONS.—The Secretary of Labor is authorized to prescribe such rules and regulations as may be necessary to carry out his functions and duties under paragraphs (1) and (2). In performing his functions and duties under this subsection, the Secretary of Labor shall consult with the Board of Directors of the Economic Opportunity Corporation.

“(b) QUALIFIED WAGES.—For purposes of this subpart, the term ‘qualified wages’ means the compensation paid to an employee for personal services rendered by him, and the cost of benefits accruing to an employee and paid or incurred by an employer by reason of the employment relationship, but only if the rate of compensation paid to such employee for personal services rendered by him equals or exceeds whichever of the following is the highest:

“(1) the minimum wage which would be applicable under the Fair Labor Standards Act of 1938 if section 6 of such Act applied to the employee and he was not exempt under section 13 thereof,

“(2) the minimum wage, if any, prescribed by State or local law for the most nearly comparable covered employment, or

“(3) the prevailing rate of wages in the area for the same or similar personal services. Upon request of the Secretary or his delegate, the Secretary of Labor shall determine whether the compensation paid to any employee for personal services meets the requirements of the preceding sentence.

“(c) LIMITATION ON NUMBER OF DISADVANTAGED EMPLOYEES.—For purposes of this subpart, the number of disadvantaged employees of any employer which may be taken into account for any pay period shall not exceed—

“(1) in the case of an employer of 10 or less employees, 50 percent of the total number of employees,

“(2) in the case of an employer of more than 10 but less than 101 employees, 25 percent of the total number of employees, and

“(3) in the case of an employer of 101 or more employees, 15 percent of the total number of employees.

“(d) EARLY TERMINATION OF EMPLOYMENT.—For purposes of this subpart, the qualified wages paid to, or with respect to, a disadvantaged employee—

“(1) during the first six months of his employment shall not be taken into account if he ceases to be an employee of the taxpayer before the end of such six-month period,

“(2) during the second six months of his employment, if he ceases to be an employee of the taxpayer before the end of such six-month period, and

“(3) during the second year of his employment, if he ceases to be an employee before the end of such year.

The preceding sentence shall not apply with respect to a disadvantaged employee who ceases to be an employee of the taxpayer because of death or disability.

“(e) REGULATIONS.—The Secretary of the Treasury or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this subpart.

“TECHNICAL AND CLERICAL AMENDMENTS

“SEC. 204. (a) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out the last item and inserting in lieu thereof the following:

“Sec. 10. Wages of disadvantaged employees.

“Sec. 41. Overpayments of tax.”

“(b) The table of subparts for part IV of subchapter A of chapter 1 of such Code is amended by adding at the end thereof the following new item:

“SUBPART C—RULES FOR COMPUTING CREDIT FOR WAGES OF DISADVANTAGED EMPLOYEES”

“(c) Section 381(c) of such Code (relating to items taken into account in certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

“(24) Credit under section 40 for wages of disadvantaged employees.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 40, and under such regulations as may be prescribed by the Secretary or his delegate) the items required to be taken into account for purposes of section 40 in respect of the distributor or transferor corporation.”

“EFFECTIVE DATE

“SEC. 205. The amendments to the Internal Revenue Code of 1954 made by this title shall apply to taxable years ending after the date of the enactment of this Act.”

MR. PROUTY. Mr. President, I am happy to be a cosponsor of the National Manpower Act of 1968, which has just been introduced by the distinguished Senator from New York.

As the ranking Republican on the Employment, Manpower, and Poverty Subcommittee, and as a cosponsor of the National Manpower Act of 1968, which has just been introduced by the distinguished senior Senator from New York, I would like to make a few comments and observations with respect to the general area of Federal manpower and training programs.

For many years I have been in the forefront of those seeking enactment of meaningful job training programs. By meaningful programs I mean those which will equip a disadvantaged person with a skill or an ability which he did not possess previously in order that he may enter the competitive labor market to seek a productive job in the private sector of our economy.

I have often expressed the fear during the last several years that the massive Federal programs which we have enacted have not been achieving our objective of really reaching the disad-

vantaged and unemployed persons for whom they were intended. Unfortunately, the recent report of the President's Riot Commission seems to confirm this result.

Mr. President, I was also among the first to recognize that there would be a tremendous performance gap between promises and results of these Federal programs unless private enterprise was motivated to become involved and play a major role in areas of training and employing unemployed and underemployed individuals.

I am glad to say that the bill which has just been introduced contains provisions for tax credits to private businesses patterned on my Human Investment Act which I have introduced three times since February 1965. My most recent Human Investment Act bill was introduced on February 2, 1967, and was cosponsored by 28 of my colleagues. Simultaneously this bill was introduced in the House of Representatives by Congressman CURTIS and 121 other Representatives.

No action has ever been taken by the Senate Finance Committee on any of my Human Investment Act bills, and I am afraid that the same fate awaits the title of the present bill dealing with tax credits to private industry. I hope that I am wrong, because it should now be obvious to all that it is vital for private business and labor, who have learned through hard experience how to obtain the most effective and efficient training results per dollar, to assume a dominant position in the training of our hard-core unemployed.

The bill which my friend from New York introduced this afternoon also contains a title providing for comprehensive community employment and training programs. I have always been somewhat wary of so-called make-work programs providing for public employment in public jobs. No real solution to our country's poverty or unemployment problems can result from the creation of standstill make-work jobs which will vanish when Federal funds are withdrawn, returning the recipients of this employment to the competitive labor market more bitter and disillusioned but no more qualified for employment than before.

As I have said on the floor of the Senate many times, Mr. President, meaningful jobs rather than doles must be provided to make these programs truly effective. Yet I recognize, as I am sure do most thinking Americans, that there are substantial numbers of disadvantaged persons who have reached a stage in life where, through no fault of their own, they are no longer capable of being trained to compete for jobs in the private sector of our economy. For these individuals, and for the overflow which private enterprise cannot assimilate at the beginning who can still be taught skills in community employment which will eventually lead them to jobs in private industry, I believe it is proper that a portion of our resources be devoted to the creation of public service jobs.

Thus, the community employment opportunities under this bill should pro-

vide for the progression of workers to better paying and more responsible positions based upon merit and ability to learn, rather than being "dead ends" where an individual will perform the same work indefinitely with no possibility for advancement.

To some extent, that amendment which Senator SCOTT and I offered to the Emergency Employment Act in last year's poverty bill attempted to meet these objections. You will recall that this amendment lost by four votes. The present bill contains some improvements, primarily in the areas of giving States and local groups more authority in the planning and administration of these programs. I am confident, however, that further improvements can be made in this area when the bill is considered by our Subcommittee on Employment, Manpower, and Poverty.

I should also point out, Mr. President, that the bill just introduced also provides for an examination and evaluation of all Federal manpower and training programs by the Comptroller General of the United States and the General Accounting Office. This, of course, is based upon a similar amendment of mine which I was successful in having enacted as part of the 1967 amendments to the Economic Opportunity Act.

During my years in the Senate, I have continually spoken out against the incredible waste of time and effort under these programs and have called for independent and objective evaluations designed to promote effective and economical coordination of manpower programs by reducing and eliminating overlap and duplication in such efforts funded by the Federal Government. While the GAO study approach may not be the only way to achieve this objective, I believe that it is a giant step in the right direction.

The bill just introduced by the senior Senator from New York calls for these programs to be added as new titles to the Manpower Development and Training Act. I believe that other changes in MDTA are necessary and have reserved the right to offer additional amendments before our subcommittee. Nevertheless, I am in complete sympathy with the overall objectives of MDTA and, last December, introduced a bill to extend MDTA on behalf of the distinguished chairman of our subcommittee, and senior Senator from Pennsylvania, and myself.

In bringing my remarks to a close, Mr. President, I should emphasize that when I speak of providing meaningful jobs and job training for the hard-core disadvantaged citizens of our Nation, in either the public or private sectors of our economy, I include the need to provide remedial and vocational education and other supportive services in fields such as health and social services. In so combining the services offered by different agencies and departments, we must be doubly on guard against the vices of duplication, fragmentation and administrative overlap. Nevertheless, I am convinced that it is only through the proper administration of these combined programs that we can ever hope to solve on a lasting basis our manpower training and poverty problems.

Because manpower training is so intimately connected with programs in the field of education and the war on poverty, it would be inappropriate to discuss this subject without pointing out that insufficient emphasis is being given to implementing these programs in the rural areas of our country. No one can deny the need to help the hard-core disadvantaged in our major urban areas where high concentrations of such individuals make the need readily apparent. But the necessity for assisting the hidden poor in our rural areas is just as great where the percentages of unemployed and unskilled may be as great or greater as in our cities, although less obvious because of their lack of concentration. Also, if the problems of our cities are to be eventually solved, it will be necessary to allocate these programs in a much more substantial manner than has heretofore been done to rural areas suffering from serious problems of outmigration.

Mr. President, it is my fervent desire to see this Congress enact constructive and creative programs in the fields of both private and public employment. However, I equally believe that the direction given by this bill must be primarily in terms of private enterprise, particularly in the long run, and that we must recognize that the community employment provisions are basically to meet a present emergency and that they should be phased out to the extent possible in the future.

TAX ADJUSTMENT ACT OF 1968

The Senate resumed the consideration of the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations.

ORDER OF BUSINESS

Mr. GRIFFIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The time is under the control of the Senator from South Dakota. Who yields time?

Mr. MUNDT. For what purpose does the Senator wish to be recognized?

Mr. GRIFFIN. Mr. President, I ask unanimous consent that I may proceed for 5 minutes, and that the time not be computed in the time limitation or in determining the time to vote on the amendment of the Senator from South Dakota.

Mr. MUNDT. That would have to be done by a different kind of unanimous-consent request, which I will be happy to pose in the Senator's behalf, if he has no objection.

Mr. GRIFFIN. I thank the Senator.

Mr. MUNDT. I have no objection that the Senator be recognized for 5 minutes. The maximum hour at which we would vote on the amendment would be extended from 1:30 p.m. to 1:40 p.m.

The PRESIDING OFFICER. Is there objection?

Mr. MONDALE. I have no objection.

The PRESIDING OFFICER. The Senator requested 5 minutes, and the Senator from South Dakota has extended the hour to vote by 10 minutes.

Mr. MUNDT. Mr. President, I have made that request in order to pick up the 5 minutes we just lost to the Senator from New York.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? The Chair hears no objection, and it is so ordered.

The Senator from Michigan is recognized for 5 minutes.

THE AUTO EXCISE TAX BILL

Mr. GRIFFIN. Mr. President, for several days now we have had before the Senate the bill, H.R. 15414, the principal purpose of which is to extend the auto excise tax.

The debate we have heard has been lengthy. It has been illuminating. It has touched on a great many issues and matters of grave importance to the country.

Numerous amendments have been offered. A few have been adopted and a number have been rejected.

But in all the debate, Mr. President, very little has been said about the legislation before us. If I may, I should like to direct my remarks to the bill itself.

History has taught the people of Michigan that "nothing is so permanent as a temporary tax."

Mr. President, the existing 7 percent excise tax on automobiles is inequitable and arbitrary. It unfairly singles out and burdens the principal industry of my State. I suspect that the pending bill proposes to continue this discriminatory exaction because it represents a quick and easy way to raise some of the revenue which is desperately needed.

When this issue arose last year, in a different context, I remarked that it was not easy for a Senator from Michigan to swallow such a pill—especially when one considers that the tax was proposed originally as a temporary, war-time measure. The bill before us today is no more palatable.

For 15 years, since the Korean war, Congress has continued and extended this "temporary" tax which hits hardest at the State of Michigan. It represents a stubborn relic. Everyone agrees that the tax is unfair. Nobody professes to like it—but the tax lingers on—and on.

I have no doubt that Congress will approve the pending bill. Under the circumstances, I must admit that we have little choice.

Our fighting forces are heavily engaged in Southeast Asia—and they must be supported.

Our fiscal affairs are in disarray—and we must find ways to reduce the deficits which have brought us to a state of fiscal crisis.

But, Mr. President, there are other important considerations which should be weighed. We should take time to consider what forms of taxation are fair and equitable—instead of jumping to extend taxes simply because they are quick and easy to collect.

In his message to the Congress on May 17, 1965, President Johnson called for excise tax reductions and said his program would "end an unfair burden on many businesses and workers who produce the commodities which are singled out for excise taxation."

The auto excise tax is an unfair burden. That statement by President Johnson was true then—and it is true now.

In this connection, it should be recalled that the President's 1965 proposal to reduce excise taxes brought the automobile industry the shortest tax relief on record. I believe it lasted just 12 days.

Mr. President, one redeeming feature in the present bill is that, at least, we are promised once again that the automobile tax will eventually be eliminated.

Under existing law, the 7-percent tax has been scheduled to drop to 2 percent on April 1, 1968; to 1 percent on January 1, 1969; but then to continue in effect at 1 percent thereafter.

Under the bill before us now, the 7-percent tax would be reduced to 5 percent on January 1, 1970; to 3 percent on January 1, 1971; to 1 percent on January 1, 1972; and finally it would be repealed on January 1, 1973.

From the standpoint of the automobile industry, its workers and its consumers, I believe that the pending bill represents something of an improvement.

Under the existing act, the auto excise tax was destined by law to continue indefinitely. The bill before us now at least promises eventual removal of the tax.

Furthermore, the sharp drop from 7 percent to 2 percent scheduled for this year was not very realistic; such a reduction would have involved too great a revenue loss to be absorbed at one time. On the other hand, the more gradual reduction scheduled in this bill—by steps of 2 percent at a time—will stand a better chance of surviving.

Mr. President, I want to commend the House Committee on Ways and Means and the Senate Committee on Finance for writing into the pending bill the provision which calls for the ultimate elimination of this discriminatory tax.

I believe that this provision should be looked upon as a binding contract between Congress and the people of my State—and I fully intend to do all I can to see that it is carried out.

Mr. MUNDT. Mr. President, I understand that the leader on the other side wants to make a statement now. I rise only to ask unanimous consent on behalf of the Senator from Virginia [Mr. Byrd] and myself that we be permitted to modify our amendment to read as follows:

On page 2 delete the language on lines 1 through 6 and insert the following:

"(B) The tax imposed by subsection (a) shall apply for any taxable year only to taxpayers who have been granted a license to export or who have filed an export declaration with customs at the port of shipment and who fail to file a statement with their tax return that they have not engaged during the taxable year in trade with any Communist country which is supplying material to the Government of North Vietnam."

The PRESIDING OFFICER. Without objection, the amendment is modified accordingly.

Mr. MUNDT. Mr. President, I do that simply because in colloquy on yesterday, it was brought out that many taxpayers would have to check a blank in their income tax form as a disclaimer. In conference with people downtown this morning, and those in charge of this kind of export business, so far as we could spell by the two statements and all the people involved, the rest of the taxpayers would

not have to make that check. Thus, we obviate that extra difficulty for the taxpayers.

Now, Mr. President, I am happy to yield to the Senator from Minnesota.

The PRESIDING OFFICER. How much times does the Senator from Minnesota yield himself?

Mr. MONDALE. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 10 minutes.

Mr. MONDALE. Mr. President, I rise to oppose the pending amendment offered by the Senator from South Dakota [Mr. MUNDT]. If this amendment were to be adopted, there would be celebrations in the Kremlin because we would be helping the Russians to hang on to their rebellious satellites.

The pending amendment is intended to limit the Eastern Europeans' ability to assist North Vietnam wage war, by discouraging American trade with Eastern Europe.

It would do nothing of the sort. There are many, many other sellers only too willing to step in and take our markets and supply the nonstrategic foodstuffs and goods we sell to Eastern Europe. This amendment would not prevent Eastern Europe from participating in world trade—those countries would only turn to other suppliers.

Mr. President, what are we doing here? I think it is terribly important to understand the serious, substantial, and fundamental character of the pending amendment. Many people compare it with past restrictions which have been imposed by Congress, in one way or another, on trade with Eastern Europe. Some of the restrictions have applied to extension of Export-Import Bank credits. Some of them have conditioned the extension of American aid, in one way or another, to seeking a reduction of help from Eastern Europe to the Communist side in North Vietnam. Those restrictions have had an effect—but a modest one—on East-West trade.

This is entirely different. This is using a different tool, the tax tool, to raise what I regard to be an insuperable barrier to any kind of trade between an American taxpayer and Eastern Europe. It would eliminate somewhere between \$200 million and \$400 million in beneficial cash sales from this country to Eastern Europe. Thus, it would not have a modest effect. It would be a fundamental prohibition effectively limiting any trade of any kind.

In the process, we would lose desperately needed exports. Even worse, we would throw these nations on the mercy of the Russian giant they are struggling to escape.

The amendment would succeed only in giving business to our competitors. It would make the countries of Eastern Europe more dependent on the Soviet Union. It would completely frustrate the original purpose of the bill.

American businessmen have cultivated the markets in Eastern Europe because these markets are growing, becoming more consumer-oriented. The customers are ready and willing to buy; the French or other Western Europeans

will be delighted to have the business we throw away if this amendment becomes law.

In the past few weeks we have watched several of the Eastern European countries strain even harder against the ties binding the Communist bloc. The front page of this morning's New York Times reports "growing estrangement between Czechoslovakia and her partners" spurred by "Czechoslovak democratization." I ask unanimous consent that the article be placed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRAGUE PROTESTS TO EAST GERMANY—SCORES MEDDLING—VOICES OBJECTION TO SPEECH BY IDEOLOGIST CRITICIZING CZECHOSLOVAK REFORM—ESTRANGEMENT GROWS—PRAGUE PARTY PAPER URGES SEPARATE FOREIGN POLICY ON GERMAN PROBLEM

(By Henry Kamm)

PRAGUE, March 27.—Czechoslovakia protested to East Germany today over interference in her affairs. The action was the most dramatic development in the growing estrangement between Czechoslovakia and her partners.

Foreign Minister Vaclav David summoned the East German ambassador, Peter Florin, to inform him of objections to the speech yesterday by a member of the East German party's ruling Politburo.

The East German ideological expert, Kurt Hager, criticized Czechoslovak democratization. He contended that it served the West German goal of loosening the links between Communist countries, particularly Czechoslovakia and East Germany.

SEPARATE POLICY URGED

The Czechoslovak party newspaper, Rude Pravo, said today that there was no reason why Czechoslovakia should pursue the same policy toward West Germany as does East Germany.

Rude Pravo said Czechoslovakia was simplifying the situation by following the East German lead instead of trying on her own to influence developments in West Germany that might lead to normal relations between the two countries.

The newspaper called on the Government to find the courage to develop a specifically Czechoslovak initiative on the issue of Germany.

It also demanded that the atmosphere of the Foreign Ministry be transformed so as to encourage fearless expressions of opinion and the honest consideration of alternatives.

SMRKOVSKY SINGLED OUT

Yesterday's East German criticism by Mr. Hager singled out the speeches of Josef Smrkovsky, a principal figure in the new Czechoslovak leadership, as particularly useful to the West German press in attacks on East Germany.

Organizations and protest meetings at various institutions rallied strongly on behalf of Mr. Smrkovsky, who is one of the most popular of the new leaders. The protests were prominently reported by newspapers, radio and television.

The Union of Anti-Fascist Fighters charged that the East German had attacked not only Mr. Smrkovsky but also the "revolutionary process in our society." It continued:

"We extend our full support to all comrades, especially Smrkovsky. We are convinced that our view is shared by all patriotic Czechoslovaks."

CRITICISM BY HUNGARIAN

The Czechoslovak press also reported criticism from a member of the Hungarian Politburo, Zoltan Komocsin, who declared in a

radio interview yesterday that developments in Czechoslovakia were accompanied by "anti-Socialist rightist efforts of an incorrect tendency."

The party newspaper Rude Pravo, besides urging an independent Czechoslovak policy on Germany, also criticized the Soviet attitude toward the present reform movement.

Rude Pravo complained that the Soviet Union and the other Communist countries gave inadequate news of the Czechoslovak events to their peoples.

"Some think this means they do not approve," the party organ remarked pointedly.

Rude Pravo linked the Soviet information policy to what it called "one of the old bad habits" of Communist countries.

The Soviet press has carried only bland, brief reports about the Czechoslovak change-over as if the replacement of Mr. Novotny by Alexander Dubcek represented a change only in leaders and not also in orientation.

Rude Pravo charged that because of this policy people in Socialist countries knew more about developments in Africa than in neighboring countries.

"About them they receive one-sided, incomplete and therefore nonobjective views," the newspaper complained.

In any event, Rude Pravo declared pointedly, whatever information the Communist nations publish about Czechoslovakia, the decisive issue is "that these countries must strictly respect our sovereignty and not interfere in our internal affairs."

The article continued:

"We therefore respect the right of these countries to give information about our development as they consider fit and do not force ourselves on them, especially as we are only at the beginning. Let us show that we are calm, that we have national pride, that we are modest.

"And let us concentrate all our efforts to insure that the seeds of democracy sown in the spring of this year bear fruit as soon as possible. Even then, we shall leave it to everyone to decide for himself what he can and what he wants to use from the Czechoslovak contribution to the forming of a new model of socialism."

The reference to a specifically Czechoslovak form of socialism suitable for adoption by other countries was considered significant here as a declaration of independence from ideological allegiance to anyone else.

The same note was struck in a broadcast by the Moscow correspondent of the Prague

radio. He, too, criticized the inadequacy of Soviet news coverage, but declared ironically that Soviet listeners got the news from Western radio stations.

SECOND SPEECH BY EAST GERMAN

(By David Binder)

BERLIN, March 27.—Prof. Kurt Hager, the East German ideologist, attacked a Czechoslovak Communist party reformer by name last night in a second criticism of the reform movement in two days.

His new reproach, published today in Nerees Deutschland, the party newspaper, twice censured Josef Smrkovsky, the Minister of Forestry, who has become a spokesman for the liberalization of Communism in Czechoslovakia.

Speaking at the final session of a congress of 1200 Marxist philosophers in East Berlin, Professor Hager hinted that Mr. Smrkovsky and his fellow reformers were allied with "militarist and revanchist circles in West Germany."

It was the sharpest aspersion against the new Czechoslovak leadership yet made by a member of the East German regime, which for two weeks has treated the Czechoslovak developments as a threat to its security.

Professor Hager said:

"West German propaganda centers . . . zealously quote the remarks of Forestry Minister Smrkovsky. They report at great length the attacks of journalists and writers upon the leading role of the party, the Central Committee and its apparatus, on leading members of the government."

He accused West Germany and other "imperialist powers" of aiming "to soften up Socialist countries from within, to split them and especially to isolate the German Democratic Republic."

He added that "the performance of Smrkovsky and others fills them with hope."

Mr. MONDALE. Mr. President, Czechoslovakia, Poland, and Rumania join Yugoslavia in seeking a government which puts national interests ahead of Communist cooperation. The countries of Eastern Europe are beginning to care about the quality of their life. For quality goods, they must turn to Western markets.

Our trade with them is one of the best political tools we have. If we cut off all

trade with Eastern Europe, we drive our new-found customers back into the hands of the Soviets, whom they are trying to escape.

It strikes me that this amendment makes the tax bill we are considering go in two directions at once.

Why, when we are so desperately in need of obtaining a favorable balance of trade, should we cut off exports? We are told that one of the reasons for seeking a tax increase is to straighten out our balance-of-payments position. This amendment will not gain any additional tax revenue; it is intended as a prohibitive tax—and it will prohibit trade, cutting out the sales gains on our side of the ledger.

The tax increase proposal is designed to appeal to those countries now trying to help us by refraining from exchanging dollars for gold. It is supposed to show that we intend to improve our balance-of-payments position. But the Mundt amendment nullifies that effort.

The Senate makes a tragic mistake if it chooses to limit our favorable trade with countries struggling to free themselves from Soviet control. We are mistaken also if we think American business has been aiding North Vietnam by trading with the nations of Eastern Europe. Our exports to Eastern Europe are primarily agricultural commodities. Of a total of \$198 million worth of goods shipped from the United States in 1967 to Eastern Europe, \$175 million was in agricultural commodities.

These figures are very important, because they show the kind of trade with them and the ease with which other countries will be able to pick it up if we inflict upon ourselves this restriction.

I ask unanimous consent that there be inserted at this point in my remarks in the RECORD tables showing the commodities and dollar amounts in trade from the United States to Eastern Europe.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

The 82d Quarterly Report, 4th Quarter, 1967, Export Control

TABLE C.—U.S. EXPORTS TO EASTERN EUROPE BY PRINCIPAL COMMODITIES, 1964, 1965, AND 1966

(In thousands of dollars)

Commodity	Total to Eastern Europe			Eastern Europe excluding U.S.S.R. ¹			U.S.S.R.		
	1964	1965	1966	1964	1965	1966	1964	1965	1966
Exports, total.....	339,923	140,009	198,005	195,370	94,848	156,280	144,553	45,161	41,725
Meat and preparations.....	1,328	22	114	1,328	22	114			
Dairy products ²	9,922	3,962	631	9,922	3,962	631			
Wheat.....	179,573	3,166	8,925	69,155	3,166	8,925	110,418		
Rice.....	10,360			2,974			7,386		
Barley.....	3,157	2,506	1,601	3,157	2,506	1,601			
Corn.....	6,401	5,847	23,560	6,401	5,847	23,560			(³)
Rye.....	973			973					
Grain sorghums.....	5,414	13,583	28,709	5,414	13,583	28,709		(³)	
Wheat flour ²	1,146	1,567	2,067	1,146	1,567	2,067			
Fruit and vegetables ²	1,109	1,455	1,746	1,109	1,455	1,744			2
Feedstuffs for animals.....	4,470	7,922	7,907	4,470	7,922	7,907			
Lard and other prepared edible fats ²	1,161	68	(³)	1,161	68	(³)			
Food, other ²	2,479	496	509	2,474	494	414	5	2	95
Tobacco and manufactures.....	4,204	2,334	3,440	4,204	2,298	3,392	(³)	36	48
Hides and skins, except fur skins, undressed.....	4,537	12,433	30,330	3,306	6,263	14,770	1,231	6,170	15,560
Oilseeds, nuts, and kernels.....	8,322	16,879	3,873	8,322	10,505	3,871		6,374	2
Rubber, synthetic.....	2,090	1,219	1,925	2,064	1,219	1,925	26		(³)
Pulp and waste paper.....	1,949	2,595	7,412	979	609	2,147	970	1,986	5,265
Cotton, unmanufactured.....	25,451	2,217	10,207	25,140	2,217	10,207	311		
Manmade fibers and waste.....	1,988	1,519	2,404	1	166	1	1,987	1,353	2,403
Crude materials, other.....	1,864	1,687	2,004	1,845	1,668	2,001	19	19	3
Coal, coke, and briquettes.....	4,185	2,414	2,531	4,185	2,414	2,531			
Oils, fats, and waxes ²	30,313	29,612	13,509	22,060	2,119	5,910	8,253	17,493	7,595

See footnotes at end of table.

TABLE C.—U.S. EXPORTS TO EASTERN EUROPE BY PRINCIPAL COMMODITIES, 1964, 1965, AND 1966—Continued

[In thousands of dollars]

Commodity	Total to Eastern Europe			Eastern Europe excluding U.S.S.R. ¹			U.S.S.R.		
	1964	1965	1966	1964	1965	1966	1964	1965	1966
Organic chemicals.....	4,995	5,428	3,606	1,448	1,062	804	3,547	4,366	2,802
Inorganic chemicals.....	922	669	824	159	665	397	763	4	427
Medicinals and pharmaceuticals ²	1,441	1,325	2,003	1,278	1,012	1,825	163	313	178
Plastic materials.....	1,261	815	788	560	289	266	701	526	522
Insecticides and similar preparations.....	2,757	449	978	1	63	96	2,756	386	882
Chemicals, other.....	1,151	646	2,043	1,024	511	1,971	127	135	72
Wood manufactures.....	575	548	485	575	542	472	-----	6	13
Paper, paperboard, and manufactures.....	78	714	1,033	78	689	1,026	-----	25	7
Textile yarn and thread.....	957	529	136	957	513	129	-----	16	7
Iron and steel.....	175	156	1,892	175	147	1,103	-----	9	789
Metal manufactures.....	216	246	1,187	200	221	906	16	25	281
Agricultural machinery.....	76	178	611	51	73	331	25	105	280
Office machines and parts.....	295	506	2,763	274	491	2,711	21	95	52
Textile and leather machinery.....	613	628	1,402	168	143	844	445	485	558
Construction and mining machinery.....	1,580	1,395	1,213	28	287	994	1,552	1,108	219
Heating and cooling equipment.....	324	186	3,823	302	178	3,536	22	8	287
Pumps and centrifuges.....	140	810	2,142	31	749	1,836	109	61	306
Mechanical handling equipment.....	818	1,249	1,135	287	776	701	531	473	434
Taps and similar appliances.....	32	154	923	31	149	922	1	5	1
Nonelectric machinery, other.....	2,089	2,000	4,388	1,130	1,624	3,053	959	376	1,335
Electric power machinery and switchgear.....	435	406	1,366	57	54	1,321	378	352	45
Electric measuring and controlling instruments.....	457	553	2,197	344	517	2,081	113	36	116
Electrical machinery, other.....	202	490	1,294	82	430	1,011	120	60	283
Transport equipment.....	854	2,179	1,298	121	107	1,134	733	2,072	164
Clothing, except of fur ²	524	480	713	465	395	666	59	85	47
Professional, scientific, measuring, and controlling instruments and apparatus.....	489	742	960	343	655	869	146	87	91
Printed matter.....	322	292	1,148	285	235	1,087	37	57	61
Unspecified commodities for relief.....	1,661	938	466	1,640	938	466	21	-----	-----
Other and unspecified domestic exports.....	1,509	1,433	1,516	916	945	1,084	593	488	432
Reexports.....	579	362	268	570	318	211	9	44	57

¹ Includes exports to Estonia, Latvia, and Lithuania.² Includes relief shipments.³ Less than \$500.

TABLE 1.—U.S. TRADE WITH PRINCIPAL COUNTRIES OF EASTERN EUROPE, 1965, 1966, AND JANUARY-SEPTEMBER 1967

[In thousands of dollars]

Commodity	1965	1966	January-September 1967
TRADE WITH BULGARIA			
Exports, total.....	3,613	3,631	2,816
Baby chicks.....	31	16	20
Grain sorghums.....	483	17	101
Soybean oilcake and meal.....	1,460	1,207	1,786
Meat and fish meal, inedible.....	296	345	-----
Tobacco, unmanufactured.....	-----	19	29
Cattle hides, undressed.....	8	90	-----
Clay, including calcined.....	-----	-----	17
Seeds for planting.....	15	1	11
Tallow, inedible.....	213	-----	-----
Coal tar and other cyclic intermediate acids.....	123	-----	-----
Fungicides.....	22	-----	-----
Polychlor insecticides.....	16	-----	57
Organic chemicals, other.....	1	17	-----
Antibiotics, bulk.....	-----	101	86
Vitamins and fish liver oils, for retail.....	102	90	84
Medicaments, other.....	193	414	168
Medicinal and pharmaceutical products, other.....	9	54	15
Plastic resins.....	39	182	15
Plastic materials, other.....	-----	-----	20
Chemicals, other.....	1	20	3
Paper and paperboard.....	11	4	-----
Card punching and auxiliary machinery.....	-----	-----	11
Textile machinery and parts.....	-----	375	61
Pulpmill machines, new.....	-----	348	-----
Paper cutting and paper products manufacturing machinery.....	-----	-----	109
Glassworking machinery and parts.....	384	-----	25
Fruit and vegetable processing machines.....	-----	-----	32
Heating and cooling equipment.....	2	30	-----
Gas compressors.....	-----	21	-----
Pumps, centrifuges, and parts, other.....	-----	20	3
Taps, cocks, valves, and similar appliances.....	-----	-----	30
Electric circuit apparatus.....	-----	-----	29
Electronic navigational aids.....	55	122	-----
Telecommunications apparatus, other.....	38	19	1
Electric measuring and controlling instruments and apparatus.....	4	7	13
Machinery, other.....	6	26	37
Professional, scientific, measuring, and controlling instruments and apparatus.....	16	42	16
Fountain pens.....	45	-----	-----
Pen nibs and nib points.....	9	15	3
Other domestic exports.....	30	29	34
Reexports.....	1	-----	-----
Imports, total.....	1,666	2,529	2,326
Cheese.....	426	451	392
Nuts, edible.....	45	45	8
Plums, prunes, and prunelles, dried.....	-----	4	44
Onions, dehydrated.....	22	45	43
Molasses, inedible.....	-----	-----	656
Paprika.....	559	914	409
Fennel.....	3	6	20
Wild pig and hog skins.....	-----	72	-----
TRADE WITH BULGARIA—Continued			
Hare fur, undressed.....	-----	24	-----
Mustard seeds, whole.....	-----	33	-----
Silk, raw.....	-----	84	40
Crude animal materials.....	13	11	5
Plants and parts used in perfumery, pharmacy, or insecticides.....	61	70	34
Crude materials, other.....	20	17	20
Beeswax, not bleached.....	-----	-----	15
Drugs and medicinals derived from benzenoid chemicals and products.....	-----	-----	23
Organic chemicals, other.....	-----	-----	15
Medicinal and pharmaceutical products.....	-----	52	-----
Rose oil.....	272	370	317
Fur skins, dressed.....	21	-----	-----
Wood manufactures, except furniture.....	10	20	8
Carpets, carpeting, and rugs.....	17	53	72
Glass.....	-----	44	25
Glassware.....	100	112	70
Motorcycles.....	2	3	32
Stamps.....	50	31	18
Works of art and collectors' items, other.....	16	2	5
Manufactured goods, other.....	23	22	29
Other imports.....	-----	144	121
TRADE WITH CZECHOSLOVAKIA			
Exports, total.....	27,685	37,336	16,619
Barley.....	2,506	-----	-----
Corn, except seed.....	3,277	8,889	-----
Seedcorn, except sweet seedcorn.....	45	54	67
Grain sorghums.....	12,214	15,435	4,026
Navy beans, dried, except seed.....	-----	-----	90
Hops.....	171	878	182
Soybean oilcake and meal.....	74	1,332	849
Tobacco, unmanufactured.....	255	46	34
Cattle hides, undressed.....	1,592	2,531	955
Calf and kip skins, undressed.....	48	39	63
Fur skins, undressed.....	14	12	55
Peanuts, shelled, green.....	-----	345	293
Soybeans.....	3,425	2,095	1,481
Rubber, synthetic.....	121	397	130
Woodpulp.....	82	261	281
Sulfur, crude.....	798	539	202
Asbestos, crude.....	28	19	59
Vanadium ores and concentrates.....	295	504	276
Tantalum ores and concentrates.....	-----	-----	59
Crude materials, other.....	45	57	13
Tallow, inedible.....	-----	283	-----
Toluene diisocyanates.....	-----	-----	135
Organic chemicals, other.....	66	95	151
Carbon black.....	189	7	11
Pigments, paints, and related materials.....	67	112	82
Antibiotics, bulk.....	121	20	2
Medicinal and pharmaceutical products, other.....	64	64	48
Regenerated cellulose and chemical derivatives.....	-----	-----	86

See footnotes at end of table.

TABLE 1.—U.S. TRADE WITH PRINCIPAL COUNTRIES OF EASTERN EUROPE, 1965, 1966, AND JANUARY-SEPTEMBER 1967—Continued

[In thousands of dollars]

Commodity	1965	1966	January-September 1967	Commodity	1965	1966	January-September 1967
TRADE WITH CZECHOSLOVAKIA—Continued				TRADE WITH CZECHOSLOVAKIA—Continued			
Plastic materials, other	52	23	52	Musical instruments, sound recorders, reproducers, and parts	199	183	112
Gum and wood resins	162	74	32	Printed matter	756	891	673
Prepared culture media	44	61	36	Glass Christmas tree ornaments	87	98	59
Chemicals, other	28	93	16	Nonmilitary firearms	220	89	80
Pencil slats	501	394	183	Toys, games, and sporting goods, other	45	65	52
Paper and paperboard	17	339	310	Works of art and collectors' items	43	147	145
Nonferrous base metals			55	Jewelry and wares of precious metals	153	111	60
Tractors, tracklaying	37	83	26	Artificial fruit and flowers	59	34	24
Typewriters			1,881	Manufactured goods, other	99	138	135
Electronic computers, digital	2	236	1	Articles for exhibition		49	
Electronic computers, other	64	65	142	Other imports	1,302	1,266	1,253
Card punching and auxiliary machinery	8	83	1,330				
Parts for electronic data processing machines	46	56	63	TRADE WITH EAST GERMANY			
Office machines and parts, other			151	Exports, total	12,413	24,864	22,435
Sawing machines, metalcutting			419	Meat, fresh, chilled, or frozen		50	1,040
Rolling mill machinery and parts	4	5	945	Butter	1,226		
Gas operated welding, cutting, and similar machines and parts	68	1	3	Wheat	2,607		
Metalworking machinery, other	72	85	8	Barley			844
Textile and leather machinery and parts	54	84	3	Corn, except seed	2,517	11,215	11,627
Paper, pulp, and paper processing machinery and parts	86	19	78	Grain sorghums	883	5,091	887
Construction and mining machinery and parts	4	27	225	Oranges, fresh	636	387	652
Glassworking machinery and parts	48	4	23	Lemons, fresh	236	323	318
Air conditioners, self-contained			100	Grapefruit, fresh			117
Underground mine loaders			66	Grapefruit juice, canned, not frozen			315
Trucks, industrial, electric	63	103	37	Fruit and vegetable juices, other			280
Mechanical handling equipment, other	69	41	37	Navy beans, dried, except seed	173		
Metal treating and metal powder molding machines	100	221	73	Lentils, dried, except seed	217		
Nonelectric machinery, other			55	Tobacco, unmanufactured	1,423	2,773	2,194
X-ray apparatus and parts	50	143	52	Tobacco manufactures		51	211
Electric measuring and controlling instruments and apparatus	67		79	Calf skins, undressed		214	306
Resistance welders	65	85		Soybeans	500		517
Electric machinery, apparatus, and appliances, other	77	139	96	Wood, shaped or simply worked		44	
Professional, scientific, measuring, and controlling instruments and apparatus	14	18	62	Cotton linters	386	958	677
Developed motion-picture film	102	130	71	Coal, bituminous	1,298	1,610	868
Musical instruments, sound recorders, reproducers, and parts	183	124	118	Organic chemicals		(?)	53
Manufactured goods, other	52	29	87	Paper and paperboard		138	229
Other and unspecified domestic exports			44	Finished structural parts and structures of iron or steel		21	35
Reexports of sewing machines and parts	49	96	67	Agricultural machinery and implements	5	42	84
Reexports, other				Electronic computers, digital		1,516	685
Imports, total	16,741	27,695	20,345	Card punching and auxiliary machinery	92	4	10
Canned cooked hams and shoulders	937	987	978	Pulp and paper mill machines and parts	1		80
Meat and preparations, other	141	230	101	Printing machines and parts	6	30	
Sugar confectionery and other sugar preparations, except chocolate	126	121	150	Air conditioners, self-contained			33
Chocolate and preparations	60	83	67	Heating and cooling equipment for treatment of food products			33
Alcoholic beverages	60	75	67	Wrapping, packaging, filling, and similar machines and parts		48	
Wild pig and hog skins, undressed	89	387	36	Tobacco processing machines and parts			54
Marten fur, undressed	18	58	11	Metal treating and metal powder molding machines		30	1
Mink fur, undressed	49	127	42	Nonelectric machinery, other	26	34	50
Rabbit fur, undressed	215	126	124	X-ray apparatus		94	
Angora rabbit hair	171	16	560	Nuclear radiation detecting and measuring instruments	30	5	35
Textile fibers and waste, other	41	70	9	Electric measuring and controlling instruments and apparatus, other		38	71
Feathers and down, crude	62	48	37	Recording magnetic tape and wire		77	34
Crude materials, other	57	65	17	Manufactured goods, other	47	47	68
Organic chemicals	73	237	176	Other domestic exports	42	20	27
Inorganic chemicals	67	49	41	Reexports	2	4	
Explosives and pyrotechnic products	115	268	217	Imports, total	6,537	8,194	4,519
Chemicals, other	18	34	52	Canned cooked pork	26	58	
Pig and hog leather		121		Hops			100
Wood manufacturers, except furniture	56	86	63	Alcoholic beverages	38	5	1
Fabrics of vegetable textile fibers, except cotton and jute	102	125	89	Horse and mule hides	32		
Made-up textile articles	219	213	210	Wild pig and hog skins	91	56	
Textile yarn, fabrics, and related products, other	67	79	60	Mink fur, undressed	804	800	395
Drawn or blown glass, unworked, in rectangles	413	388	215	Fur skins, undressed, other	5	27	
Glass, other	55	24	19	Cryolite or kryoilite			115
Imitation gemstones, except beads	822	1,134	977	Crude materials, other	17	21	3
Beads, bugles, and spangles of glass	773	923	557	Montan wax	378	365	268
Articles of glass beads, bugles, and spangles	93	95	98	Nitrogenous compounds	57	76	92
Glassware, other	1,025	1,242	877	Carbon black and similar carbons	25	36	39
Pottery	208	192	163	Potassium ferricyanide	52		
Pig iron		2,218		Cresylic acid, crude	24	118	69
Bars, rods, angles, shapes, and sections of iron or steel	193	5	7	Chemicals, other	18	19	38
Nails, screws, rivets, and similar articles	223	164	18	Pig and hog leather	71	334	36
Chains and parts of iron or steel	109	99	76	Drawn or blown glass, unworked, in rectangles	26	11	21
Metal manufactures, other	86	104	72	Glassware	274	305	253
Tractors, agricultural, wheeled, except garden		2	254	Pottery	153	146	66
Typewriters	385	459	403	Pig iron	2,727	3,236	1,344
Drilling machines, metalworking	69	181	142	Plates, sheets, and strip of brass		40	
Milling machines	67	775	534	Metal manufactures	3	22	8
Boring machines and vertical turret lathes	521	2,964	2,850	Typewriters	269	280	50
Lathes, other	458	1,520	844	Adding machines	32	52	
Grinding machines, metalcutting	120	349	134	Office machines and parts, other	8	73	
Metalworking machinery, other	23	24	109	Drilling machines, metalworking		51	12
Textile machinery and parts	212	255	128	Milling machines, metalworking		104	17
Printing machinery and parts	414	339	143	Boring machines and vertical turret lathes, metalworking	16	240	319
Metalworking machine tool parts	58	1,900	1,036	Lathes, metalworking, other		24	64
Nonelectric machinery, other	63	158	261	Textile machinery and parts	55	70	68
Electric power machinery and switchgear	(?)		54	Printing presses and parts	155	258	25
Electric measuring and controlling instruments and apparatus	94	16	5	Bakery machinery and parts	60	38	46
Motorcycles and parts	569	552	186	Radio-phonograph combinations	76	173	179
Bicycles	271	215	189	Telecommunications apparatus, other	46	6	18
Bicycle parts	686	674	589	Machinery, other	35	49	42
Lighting fixtures and fittings	712	825	658	Bicycle parts	59	231	34
Furniture	309	394	351	Furniture	35	1	1
Travel goods, handbags, and similar articles	34	51	58	Binoculars, microscopes, and other optical instruments	39	34	2
Hats of felt, fur, and fur felt	212	170	193	Photographic cameras and parts, except motion picture	316	305	302
Clothing, except of fur, other	111	31	41	Professional, scientific, measuring, and controlling instruments and apparatus, other	39	53	65
Fur clothing and fur articles	1	47		Musical instruments, sound recorders, reproducers, and parts	123	87	40
Footwear, leather	2,571	3,474	3,349				
Professional, scientific, measuring, and controlling instruments and apparatus	75	56	52				

See footnotes at end of table.

TABLE 1.—U.S. TRADE WITH PRINCIPAL COUNTRIES OF EASTERN EUROPE, 1965, 1966, AND JANUARY-SEPTEMBER 1967—Continued
[In thousands of dollars]

Commodity	1965	1966	January-September 1967	Commodity	1965	1966	January-September 1967
TRADE WITH EAST GERMANY—Continued				TRADE WITH HUNGARY—Continued			
Printed matter.....	15	36	21	Footwear.....	13	1	2
Artificial fruit and flowers.....	155	158	95	Professional, scientific, measuring, and controlling instruments and apparatus.....	13	8	25
Manufactured goods, other.....	75	69	109	Musical instruments, sound recorders, reproducers, and parts.....	24	38	16
Returned goods.....	17	25	5	Printed matter.....	63	121	169
Other imports.....	1 100	1 102	1 100	Toys and games.....	21	14	24
TRADE WITH HUNGARY				Firearms and parts.....	13	5	18
Exports, total.....	9,327	10,053	4,958	Stamps.....	195	204	18
Beef and pork livers, fresh or frozen.....		44	124	Works of art and collectors' items, other.....	90	172	143
Corn, except seed.....		286		Jewelry and wares of precious metals.....	17	13	(?)
Seedcorn, except sweet seedcorn.....	8	10	20	Brooms and brushes.....	123	173	132
Grain sorghums.....	3	2,785		Baskets and bags of unspun vegetable materials.....	209	314	199
Soybean oilcake and meal.....	2,777	1,815	1,982	Wigs and other human hair manufactures.....	55	50	20
Meat and fish meal, inedible.....	19			Manufactured goods, other.....	29	45	55
Cattle hides, undressed.....	706	495	27	Other imports.....	170	167	192
Calf and kip skins, undressed.....	299	951	153	TRADE WITH POLAND			
Sheep and lamb skins undressed.....	89	131	217	Exports, total.....	35,417	52,988	48,795
Soybeans.....	3,550	996		Nonfat dry milk ^a	912	629	1,352
Rubber, synthetic.....	1	35	93	Butter ^a	1,818		
Seeds for planting.....	5	3		Wheat.....	559	8,925	4,671
Crude materials, other.....	18	3	14	Rice.....		1,601	2,940
Tallow, inedible.....	533	173		Barley.....		3,105	7,847
Coal tar and other cyclic intermediate acids.....	32	57		Corn, except seed.....		5,380	2,575
Coal tar and cyclic chemical intermediates, other.....	32	60		Grain sorghums.....	1,567	2,067	584
Rubber compounding chemicals, cyclic.....	102		68	Wheat flour ^a	137	175	100
Herbicides.....	104	230		Cornmeal ^a	79	71	21
DDT.....			68	Rolled wheat ^a			423
Acids and anhydrides.....	6	36	10	Lemons, fresh.....			162
Organic chemicals, other.....			32	Tea.....			
Carbon black.....	284			Cotton seed oilcake and meal.....	142		3,558
Potassium compounds.....	21			Soybean oilcake and meal.....	2,646	3,079	378
Carbide abrasives.....	22	34	65	Linseed oilcake and meal.....		127	259
Pigments, paints, and related materials.....	89	1	68	Food, other ^a	221	68	465
Antibiotics, bulk.....		464	33	Cigarettes.....	617	487	1,143
Hormones, bulk.....	29	24	26	Cattle hides, undressed.....	1,723	4,015	54
Medical and pharmaceutical products, other.....	63		170	Kip skins, undressed.....	16	84	152
Herbicidal preparations.....	7	10	26	Sheep and lamb skins, undressed.....	153	81	92
Chemicals, other.....		154	186	Peanuts, shelled, green.....	121	24	5,318
Leather.....	92	144	59	Soybeans.....	2,850	93	82
Paper and paperboard.....	5	7	139	Flour and meal of oilseeds, oil nuts, and kernels.....		212	614
Agricultural machinery and implements.....	122	47	261	Rubber, synthetic.....	1,088	1,462	78
Electronic computers.....		57	3	Cotton pulp.....	132		5,047
Card punching and auxiliary machinery.....			320	Cotton, raw, except linters.....	1,831	9,206	392
Parts for electronic data processing machines.....	15	8	81	Manmade fiber staple.....	164		160
Milling machines, metal cutting.....	44	1		Seeds for planting.....	363	301	82
Textile machinery.....			95	Crude materials, other.....	56	89	82
Paper, pulp, and paper processing machinery and parts.....	2		28	Petroleum products.....	2	6	1,589
Printing machines and parts.....			95	Tallow, inedible.....	8,500	3,151	1,318
Power cranes, draglines, shovels, and parts, excavator type.....	19	109	53	Soybean oil, refined ^a	2,480	2,294	
Refrigerating units, centrifugal.....	20	56	18	Cottonseed oil, refined ^a	244		267
Nonelectric machinery, other.....	4	23	35	Fats and oils, hydrogenated, except soybean and cottonseed.....	33	134	61
Telecommunications apparatus.....	6	44	91	Coal tar and other cyclic intermediate acids.....			1,270
Electromedical apparatus and parts, except X-ray.....	25	59	86	Plasticizers, cyclic.....	207		131
Nuclear radiation detecting and measuring instruments.....	10	23	18	Butyl alcohol.....	(?)	1	413
Electric measuring and controlling instruments and apparatus, other.....	56	89	132	Acids and anhydrides.....	293	73	183
Electric machinery, apparatus, and appliances, other.....	4	12	57	Organic chemicals, other.....	134	250	150
Professional, scientific, measuring, and controlling instruments and apparatus.....	56	89	132	Carbon black.....	11	74	2
Musical instruments, sound recorders, reproducers, and parts.....	4	12	57	Inorganic chemicals, other.....	170	2	775
Printed matter.....	1	256	4	Antibiotics, bulk.....	22	328	87
Articles and manufactures of carving or molding materials.....	6	41	12	Hormones, bulk.....	139	159	33
Manufactured goods, other.....	53	72	56	Medicinal and pharmaceutical products, other ^a	129	34	229
Other domestic exports.....	7	17	21	Plastic materials.....	128	141	
Reexports of hydrocortisone, bulk.....	34		30	Chemicals, other.....	442		314
Reexports of works of art and collectors' items.....			3	Kraft paper and paperboard.....	123	399	300
Reexports, other.....	3	6		Paper, paperboard, and manufactures, other.....	359		
Imports, total.....	2,092	2,985	2,860	Rayon or acetate spun yarn.....	152	122	170
Cheese.....	14	23	45	Yarn and thread of manmade fibers, other.....	139	87	32
Vegetables and preparations.....	114	113	237	Iron and steel.....	34	95	128
Paprika.....	13	16	10	Power generating machinery, except electric.....	77	139	48
Food, other.....	94	190	132	Office machines and parts.....	85	247	
Alcoholic beverages.....	53	14		Gearcutting machines, metalworking.....	85	162	95
Wild pig and hog skins.....		14		Metalworking machinery, other.....	24	218	12
Hides and skins, except fur skins, undressed, other.....	18	3		Textile and leather machinery.....	33	81	34
Fur skins, undressed.....	37	86	60	Food processing machines and parts.....			218
Feathers and down, crude.....	70	61	58	Boring and drilling machines, except well drilling.....			272
Plants and parts used in perfumery, pharmacy, or insecticides.....	17	108	16	Well drilling machines, rotary type.....			92
Cinchona bark alkaloids and salts.....	5	7	20	Parts for well drilling machines.....	2	6	1
Nicotine and compounds.....	12	22	7	Glassworking machinery and parts.....	59	370	56
Hormones, bulk.....	10	20	5	Machines for special industries and parts, other.....	56	85	59
Medicinal and pharmaceutical products, other.....	20		3	Pumps, centrifuges, and parts.....	283	26	6
Essential oils, perfume, and flavor materials.....	10		3	Lifting and loading machinery and parts.....	109	1	2
Chemicals, other.....	112	180	168	Trucks and tractors, industrial, and parts.....	118		
Fabrics of vegetable textile fibers, except cotton and jute.....	7	6	61	Spraying machinery.....	94	10	
Regalia for religious use.....	34	42	28	Tire recapping and repairing machines and parts.....	28	147	64
Glass.....	82	159	174	Metal treating and metal powder molding machines.....	80	4	4
Glassware.....	103	63	75	Taps, cocks, valves, and similar appliances.....	136	288	150
Structural steel.....	46		10	Nonelectric machinery, other.....	316	168	97
Metal manufactures.....	1	17	89	Electric measuring and controlling instruments and apparatus.....	212	236	139
Metalworking machinery.....		2	135	Electric machinery, apparatus, and appliances, other.....	377	647	352
Printing presses, letter.....			32	Clothing, except of fur ^a	448	195	211
Electronic tubes, except X-ray and television picture tubes.....	2	3	14	Professional, scientific, measuring, and controlling instruments and apparatus.....	162	81	52
Machinery, other.....	47	173	45	Developed motion-picture film.....	225	235	141
Motorcycles and parts.....	140	238	290	Printed matter.....	295	341	333
Bicycles.....	82	91	94	Manufactured goods, other.....	928	453	224
Bicycle parts.....	1	7	16	Unspecified commodities for relief.....	63	32	78
Furniture.....	22	32	24	Other and unspecified domestic exports.....	186	64	56
Fur clothing and fur articles.....				Reexports.....			
				Imports, total.....	65,861	82,948	71,350

See footnotes at end of table.

TABLE 1.—U.S. TRADE WITH PRINCIPAL COUNTRIES OF EASTERN EUROPE, 1965, 1966, AND JANUARY-SEPTEMBER 1967—Continued
[In thousands of dollars]

Commodity	1965	1966	January-September 1967	Commodity	1965	1966	January-September 1967
TRADE WITH POLAND—Continued				TRADE WITH RUMANIA—Continued			
Horses, live	6	73	132	Crude materials, other	5	12	36
Canned cooked hams and shoulders	25,409	27,986	26,413	Coal	521	921	131
Pork, prepared or preserved, other	7,475	8,197	7,551	Coke of coal, lignite, or peat	596		
Meat and preparations, other	213	146	131	Petroleum coke	88		
Cheese	18	272	362	Tallow, inedible	99	9	27
Eggs		305		Animal fats and oils, inedible, other	49		
Cod blocks, frozen	541	2,754	2,112	Benzene			277
Fish and preparations, other	100	69	88	Rubber antioxidants, cyclic	(*)	56	144
Blueberries, except fresh	570	353	110	Herbicides		5	323
Strawberries, frozen	242	392	270	Glycerine			41
Chicory roots, crude	110	234	114	Methyl ethyl ketone			88
Fruit and vegetables, other	93	32	108	Organic chemicals, other	25	41	6
Sugar		255	242	Antibiotics, bulk	16	44	56
Molasses, inedible	179	1,315		Hormones, bulk	41	23	
Caraway seed	118	159	203	Blood derivatives for human use			39
Fish and whale meal	30	215	268	Vaccines, except poliomyelitis, for human use			139
Food, other	114	171	126	Medicinal and pharmaceutical products, other	17	36	26
Alcoholic beverages	117	182	138	Essential oils, perfumes, and flavor materials	48		
Calf and kip skins, undressed	443	92	97	Explosives and pyrotechnic products		62	54
Wild pig and hog skins, undressed	967	933	377	Plastic materials	66	24	24
Fox fur, except silver and black, undressed	1,462	3,181	1,655	Herbicide preparations		96	111
Mink fur, undressed	1,251	1,369	405	Catalysts, compound, except nickel		1,305	24
Fur skins, undressed, other	107	103	31	Chemicals, other	31	125	83
Poppyseed	222	282	223	Paper and paperboard			74
Rags, bagging, and sugar sack fabric	170	65	9	Oil pipe, seamless, carbon steel			1,326
Feathers and down, crude	701	648	505	Oil pipe, seamless, alloy steel, except stainless		380	653
Bristles	180	108	36	Tubes, pipes, and fittings of iron or steel, other		633	362
Crude materials, other	130	103	92	Finished structural parts and structures of iron or steel	2	287	2
Peat moss, fertilizer grade	227	200	156	Containers for storage of iron or steel, 80 gallons or more	41		
Drugs and medicinals derived from benzenoid chemicals and products	1,290	920	1,030	Cutting tools for materials other than metal	72	395	467
Ethyl alcohol		768		Handtools and tools for machines, other	17	36	60
Trichloroethylene	46	193	234	Metal manufactures, other	52	70	48
Organic chemicals, other	96	304	108	Steam generating power boilers and parts		113	754
Inorganic chemicals	72	148	127	Steam engines, turbines, and parts		28	76
Synthetic organic dyestuffs and color lakes	239	1,066	604	Internal combustion engines, not for aircraft, and parts	1	86	3
Antibiotics, bulk	579	2,416	1,325	Harvesters, field forage	4		197
Caseln	77	158	106	Tractors, wheel and garden	9	46	
Gelatin, inedible, and animal glue	111	133	51	Agricultural machinery and implements, other	31	52	16
Chemicals, other	1,373	945	151	Metalworking machinery		22	37
Calf and kip leather		281	345	Textile and leather machinery	32	131	9
Pig and hog leather	504	301	225	Parts for printing machines		41	1
Wood garment hangers	288	308	167	Flour mill and gristmill machines and parts			274
Wood manufactures, except furniture, other	107	217	41	Food processing machines and parts, other			175
Building board	227	195	69	Power cranes, draglines, shovels, and parts, excavator type	40	569	76
Cotton fabrics, woven	3,255	4,263	2,787	Ditchers and trenchers, self-propelled		55	
Woolens fabrics, woven	143	268	62	Well drilling machines and parts	92	260	48
Fabrics of vegetable textile fibers, except cotton and jute	279	507	705	Construction and mining machinery and parts, other	43	40	9
Textile fabrics, woven, other	205	302	309	Machines for treatment of food products involving a change in temperature	1	145	182
Textile yarn, fabrics, and related products, other	362	524	298	Material processing equipment and parts involving a change in temperature, other	48	3,183	18
Drawn or blown glass, unworked, in rectangles	9	33	141	Heating and cooling equipment and parts, other	6	40	5
Cast or rolled glass unworked, in rectangles	737	756	556	Pumps for liquids and parts	417	596	259
Glass, other	295	298	343	Pumps, centrifuges, and parts, other	37	1,166	155
Glassware	1,466	78	361	Oil and gas field equipment and parts	484	441	199
Pottery	2,766	3,705	3,749	Mechanical handling equipment, other		99	43
Wire rods of iron or steel	372	202	628	Motorized handtools and parts, nonelectric	187	137	57
Bars and rods, except wire rods, of iron or steel	1,531	1,991	2,819	Ball and roller bearings		41	11
Angles, shapes, and sections of iron or steel	906	829	728	Plastics working machines and parts	90		
Universal plates, and sheets of iron or steel			248	Taps, cocks, valves, and similar appliances	87	894	126
Tubes, pipes, and fittings of iron or steel		1,452	2,173	Mechanical power transmission equipment and parts, except for motor vehicles and aircraft	80	8	8
Aluminum, unwrought, not alloyed	29	112	148	Nonelectric machinery, other	25	276	43
Zinc, unwrought, not alloyed	751	683	827	Electric power machinery		295	43
Cadmium, unwrought, not alloyed	919	735	864	Electric circuit apparatus	2	935	222
Barbed wire	176	605	564	Insulated wire and cable and electric insulating equipment		268	37
Wire nails, 0.065 inch or over in diameter, of iron or steel	93	82	128	Telecommunications apparatus		67	20
Nails, screws, and similar articles of iron or steel, other	30	225	679	X-ray apparatus and parts		37	
Handtools and tools for machines	56	162	151	Waveform measuring and analyzing instruments		296	
Domestic utensils of base metals	29	118	88	Geophysical and mineral prospecting instruments		824	308
Boring machines and lathes, metalworking	23	54	131	Physical properties testing and inspecting instruments	74	87	32
Metalworking machine tools, other	70	139	95	Electric measuring and controlling instruments and apparatus, other	11	411	378
Metalworking machine tool parts	247	301	140	Electric machinery, apparatus, and appliances, other	6	37	42
Machinery, other	43	121	3	Passenger cars	14	35	1
Bicycles and parts	127	109	42	Trucks	8	59	
Transport equipment, other	455	629	441	Power cranes, draglines, and shovels, wheel or truck mounted		129	118
Lighting fixtures and fittings	540	398	56	Trucks, with drilling equipment, new			54
Bentwood furniture and parts	369	575	469	Special purpose nonmilitary vehicles, other		780	
Folding chairs and wood	128	360	781	Truck trailers and parts	27	49	
Furniture, other	237	236	134	Professional, scientific, measuring, and controlling instruments and apparatus	51	389	254
Clothing, except of fur	71	98	49	Printed matter	(*)	391	25
Footwear	511	521	515	Manufactured goods, other	23	213	122
Musical instruments, sound recorders, reproducers, and parts	141			Other domestic exports	19	41	44
Glass Christmas tree ornaments	158	209	115	Reexports	43	40	63
Used rifles	130	158	82				
Toys, games, and sporting goods, other	216	151	205				
Stamps	932	1,237	1,028				
Brooms and brushes	271	328	181				
Baskets, bags, and handbags of willow	319	372	321				
Articles of plaiting materials, other	177	262	165				
Manufactured goods, other							
Other imports							
TRADE WITH RUMANIA				Imports, total			
Exports	6,385	27,057	12,440		1,836	4,655	4,633
Baby chicks		80	150	Horses	19		497
Potatoes, fresh		134	124	Cheese	133	482	28
Meat and fish meal, inedible	487			Walnuts, shelled	62		66
Yeast and baking powder	114	9		Plums, prunes, and prunelles, dried			78
Cattle hides, undressed	1,523	5,515	1,502	Mushrooms, dried	92	11	55
Calf and kip skins, undressed	94	495		Coriander	25	118	
Soybeans		108	3	Fox fur, except silver and black, undressed	8	30	
Woodpulp	389	1,878	1,194	Hare fur, undressed	11	19	
Cotton, raw, except linters		43		Fur skins, undressed, other	26	6	
Florida phosphate hard rock and land pebble		383	302	Poppyseed	86	321	220
				Iron and steel waste and scrap			286
				Feathers and down, crude	2	27	83
				Plants and parts used in perfumery, pharmacy, or insecticides	32	77	6
				Petroleum, crude			513
				Xylene		517	

See footnotes at end of table.

TABLE 1.—U.S. TRADE WITH PRINCIPAL COUNTRIES OF EASTERN EUROPE, 1965, 1966, AND JANUARY-SEPTEMBER 1967—Continued
[In thousands of dollars]

Commodity	1965	1966	January-September 1967	Commodity	1965	1966	January-September 1967
TRADE WITH RUMANIA—Continued				TRADE WITH U.S.S.R.—Continued			
Silicofluoride			25	Ball and roller bearings and parts	117	36	31
Rubber tires and tubes	31	1	3	Plasticsworking machines and parts		1	74
Wood manufactures, except furniture	14	31	37	Rubber processing and products manufacturing machines and parts		420	
Textile fabrics, woven, except cotton		19	6	Mechanical power transmission equipment and parts, except for motor vehicles and aircraft	67	52	7
Made-up textile articles	8	81	46	Nonelectric machinery, other	38	120	203
Carpets, carpeting, and rugs		43	102	Electric power machinery and switchgear	352	45	138
Drawn or blown glass, unworked, in rectangles	325	286	252	Telecommunications apparatus	5	244	31
Glassware	159	130	123	Physical properties testing and inspecting instruments	12	24	634
Pig iron		15	28	Electric measuring and controlling instruments and apparatus, other	24	92	236
Machinery	(¹)	107	67	Electric machinery, apparatus, and appliances, other	55	39	43
Bentwood furniture and parts	112	237	297	Special purpose nonmilitary vehicles	1,757		
Chairs, wood, including folding	102	48	31	Parts for motor vehicles and tractors	286	157	271
Furniture, other	2	11	104	Clothing, except of fur	85	47	32
Clothing, except of fur	278	736	1,211	Precision measuring tools for machinists	1		99
Footwear, leather	82	188	179	Professional, scientific, measuring, and controlling instruments and apparatus, other	86	91	117
Stamps	140		50	Developed motion picture film	13	57	9
Sculptures or statuary, original	24	65	39	Printed matter	57	61	41
Baskets and bags of unspun vegetable materials	20	55	39	Construction plastic products			295
Manufactured goods, other	2		141	Manufactured goods, other	234	162	250
Returned goods		(²)	1	Live animals, not for food	181	194	179
Other imports	139	138	148	Other domestic exports	25	25	29
				Reexports	44	57	17
TRADE WITH U.S.S.R.				Imports, total	42,592	49,414	32,530
Exports, total	45,161	41,725	45,393	Lobster, fresh and simply preserved	183	92	61
Cattle, beef, for breeding		93	245	Scallops	157		37
Cigarettes	36	48	15,556	Shrimp, unshelled	10	487	546
Cattle hides, undressed	6,088	15,313	966	Fish and preparations, other	181	66	22
Calves and kip skins, undressed	81	246	1,077	Mushrooms, dried or preserved	35	65	3
Sheep and lamb skins, undressed				Alcoholic beverages	20	33	48
Soybeans	6,374			Sheep and lamb skins, undressed	158		
Woodpulp	1,986	5,250	3,629	Persian lamb and caracul fur, undressed	2,105	1,975	762
Manmade fiber staple and tow	1,353	2,403	5,258	Sheep and lamb fur, undressed, except Persian and caracul	115	6	
Tallow, inedible	17,492	7,599	425	Sable fur, undressed	2,697	2,517	1,916
Coal tar and other cycle intermediates	15	171	27	Squirrel fur, undressed	1,023	1,264	287
Rubber accelerators, cyclic	25	59	14	Fur skins, undressed, other	236	540	119
Rubber antioxidants, cyclic	756	1,041	112	Wool and other animal hair	16	94	55
Herbicides	1,010	372		Cotton linters	1,169	1,150	674
Chlorinated hydrocarbons				Cotton waste	71	161	5
Butyl alcohol	2,403	364	665	Manmade fiber waste		113	113
Alcohols and polyhydric alcohols, other			1,250	Chrome ore	4,373	6,323	5,058
Acids and anhydrides			1,062	Aluminum waste and scrap	1,002	473	
Organic chemicals, other	157	795	2,624	Ash and residues bearing nonferrous metals		266	914
Aluminum oxide			177	Bristles	166	793	598
Sodium carbonate, except natural			506	Sausage casings	174	112	120
Inorganic chemicals, other	1	427	2	Licorice root	543	564	588
Synthetic organic dyestuffs and color lakes	118	1	2	Crude materials, other	43	26	17
Medicinal and pharmaceutical products	313	178	205	Cottonseed oil			1,523
Plastic materials	526	522	774	Pyridine	8		98
Herbicides preparations	385	881	1,426	Arsenic trioxide			123
Chemicals, other	21	72	109	Chromium oxide green		135	
Cattle hide and kip side leather			605	Sodium chromate and dichromate	282	725	262
Fur skins, dressed			110	Inorganic chemicals, other	342	348	220
Rubber tires and tubes	111	33	36	Creosote oil	70		
Textile yarn, fabrics, and related products	57	53	77	Essential oils, perfume, and flavor materials	206	147	141
Plates and sheets of iron or steel		329		Chemicals, other	52	32	29
Tubes and pipes, seamless, carbon steel		445		Drawn or blown glass, unworked, in rectangles	683	931	739
Finished structural parts and structures of iron or steel		263		Diamonds, cut but unset	1,422	3,425	4,204
Power generating machinery, except electric	76	17	165	Emeralds, cut but unset	4	109	94
Agricultural machinery and implements	105	280	283	Precious and semiprecious stones, natural, unset, except diamonds		7	172
Electronic computers and parts	5	2	604	Pig iron	1,039	5,567	
Office machines and parts, other	10	50	38	Platinum	7,024	1,720	433
Gear cutting machines, metal cutting			1,202	Iridium	261		
External cylindrical grinding machines, metal cutting		23	937	Palladium	12,530	13,920	6,382
Honing and lapping machines, metal cutting			221	Rhodium	3,165	3,408	3,037
Metalworking machinery, other	1		319	Nickel			507
Laundry and drycleaning equipment, commercial, and parts	168	129	187	Magnesium		241	832
Leatherworking machinery	52	6		Molybdenum waste and scrap	158	353	
Textile and leather machinery, other	265	423	504	Titanium	103	447	1,116
Printing and bookbinding machinery and parts	1	57	116	Cadmium	12	45	9
Food processing machinery and parts, except domestic	57	377	52	Metal manufactures	59	29	18
Coal cutting and continuous mining machinery	924			Musical instruments, sound recorders, reproducers, and parts	144	125	155
Parts for construction and mining machinery	183	157	344	Printed matter	159	101	41
Construction and mining machinery, other		61	4	Stamps	140	144	49
Mineral crushing, sorting, and similar machinery parts		107	110	Works of art and collectors' items, other	76	156	171
Metal processing and heat treating furnaces			127	Manufactured goods, other	66	6	116
Heating and cooling equipment for treatment of food products	2	233	1	Returned goods			
Heating and cooling equipment, other	6	54	18	Other imports	110	173	116
Pumps and centrifuges and parts	61	306	64				
Underground mine loaders and parts	401	48	86				
Conveying equipment and parts	40	335	178				
Mechanical handling equipment, other	32	51	42				
Parts for metalworking machinery			81				
Wrapping, packaging, filling, and similar machines and parts	25	127	37				

¹ Includes an estimate of low-value shipments of \$250 or less each on informal entry shipments and under \$100 each on formal entry shipments.

² Less than \$500.
³ Includes relief shipments.

Mr. MONDALE. Mr. President, during my recent trip for the International Finance Subcommittee into Western and Eastern Europe to explore the problems and possibilities of trade, I also learned a good deal about the extent of trade between American business subsidiaries in Europe and the nations of Eastern Europe. This trade, which may run as high as \$300 or \$400 million a year, re-

turns profits to American shareholders who are taxpayers in this country.

The Mundt amendment would require us to try to prohibit this trade as well, thus worsening our balance-of-payments situation. In fact, the President's balance-of-payments efforts specifically include increasing the returns from these businesses to the United States. The Mundt amendment would decrease these

returns in addition to damaging the expansion of these business efforts.

These American subsidiaries are contributing to the winds of change which are sweeping Eastern Europe. The Mundt amendment would tell these nations that we do not want to encourage this change. There will be celebrations in the Kremlin if we pass this amendment. We will

have helped the Russians hang on to their rebellious satellites.

In turn, the Eastern European countries trade only to a very limited extent with North Vietnam.

The figures are important. There is no question that the rhetoric coming out of Eastern Europe is in support of North Vietnam. There is no question that those countries supply some aid. But in many of those countries, such as Rumania, it is a vestigial type of pro forma com-

mitment designed to diminish the embarrassment in the Communist world, and it is not a fundamental, or in a substantially material way, a commitment to North Vietnam.

The Eastern European countries provide only token military assistance. In nonmilitary items, the total comes to \$25 million—in small industrial equipment, transportation items, food, and fertilizer—sent from the countries of Eastern Europe excluding Russia. The

Soviet Union supplies an additional \$75 million worth of trade items. I ask unanimous consent that there be inserted at this point in my remarks in the RECORD tables from the Export Control Quarterly Report showing the items and amounts sent from Eastern Europe to North Vietnam.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 8-A. TRADE OF FREE WORLD, COMMUNIST AREAS IN EASTERN EUROPE, AND CUBA WITH NORTH VIETNAM, 1963-66

(In thousands of dollars)

Group and areas	1963	1964	1965	1966	Group and areas	1963	1964	1965	1966
Exports to North Vietnam, total.....	91,502	75,978	127,965	Imports from North Vietnam, total.....	80,390	80,617
Free world, total ¹	12,775	12,535	14,744	12,544	Free world, total ¹	24,803	23,374	23,425	20,477
COCOM countries, total.....	9,699	8,564	8,801	9,502	COCOM countries, total.....	18,507	16,350	16,692	12,977
United States.....	None	None	None	None	United States.....	(²)	(²)	(²)	None
Canada.....	(²)	(²)	(²)	(²)	Canada.....	(²)	(²)	(²)	(²)
Japan.....	4,316	3,372	3,853	5,649	Japan.....	10,255	9,842	11,457	9,651
European COCOM countries, total.....	5,383	5,192	4,948	3,853	European COCOM countries, total.....	8,252	6,508	5,235	3,326
Belgium-Luxembourg.....	2	2	1,685	515	Belgium-Luxembourg.....	1,514	767	604	19
France.....	2,542	2,551	2,124	2,290	France.....	3,600	3,740	3,021	2,643
Germany, Federal Republic of.....	322	1,108	136	212	Germany, Federal Republic of.....	191	236	215	147
Italy.....	2,207	1,274	633	399	Italy.....	593	278	485	143
Netherlands.....	167	144	93	302	Netherlands.....	2,276	1,312	573	112
United Kingdom.....	102	101	202	104	United Kingdom.....	73	165	333	255
Other European COCOM countries.....	41	12	75	31	Other European COCOM countries.....	5	10	4	7
United Arab Republic (Egypt).....	140	200	370	53	United Arab Republic (Egypt).....	12	386	55	37
Cambodia.....	580	1,188	2,161	4,947	Cambodia.....	1,409	1,266	1,979	1,382
Hong Kong ³	162	88	162	83	Hong Kong.....	3,304	3,792	2,660	3,032
Malaya, States of.....	1,296	1,288	2,799	None	Malaya, States of.....	1,434	1,434	1,859	1,719
Singapore.....	898	1,207	451	1,858	Singapore.....	137	209	180	1,256
Other free world countries.....	78,727	63,443	113,221	(⁴)	Other free world countries.....	55,587	57,243	(⁴)	(⁴)
Eastern Europe and Cuba, total.....	5,695	4,445	9,700	13,800	Eastern Europe and Cuba, total.....	4,862	5,000	7,200	5,600
Czechoslovakia.....	3,596	2,857	4,857	16,500	Czechoslovakia.....	2,756	2,691	6,072	5,000
Germany, Soviet Zone of.....	56,666	47,666	74,888	68,200	Germany, Soviet Zone of.....	35,333	34,777	30,553	25,300
U.S.S.R.....	11,738	7,475	15,076	(⁴)	U.S.S.R.....	11,547	14,775	(⁴)	(⁴)
Other Eastern Europe.....	1,032	1,000	7,800	7,180	Other Eastern Europe.....	1,089	(⁴)	(⁴)	(⁴)
Cuba.....					Cuba.....				

¹ Excludes Cuba.² Preliminary and incomplete.³ Not reported in the source.⁴ January-November.

⁵ Figures are for domestic exports only. Hong Kong reexports to North Vietnam are as follows (in thousands of dollars) for 1963-66: 1,892, 1,598, 285, and 178.

⁶ Not available.⁷ Partly estimated.

Note: Figures are compilations of unadjusted data as reported by free world and Communist areas in Eastern Europe, imports reported by Czechoslovakia, Soviet Zone of Germany, U.S.S.R. and some other countries are valued f.o.b., and therefore are not comparable with c.i.f. values reported by most countries.

TABLE 8-B.—TRADE OF FREE WORLD AND OF U.S.S.R. WITH NORTH VIETNAM, BY PRINCIPAL COMMODITIES, 1963-65

(In thousands of dollars)

Commodity and commodity group	Free world ¹			U.S.S.R.			Commodity and commodity group	Free world ¹			U.S.S.R.		
	1963	1964	1965	1963	1964	1965		1963	1964	1965	1963	1964	1965
Exports to North Vietnam, total.....	12,775	12,535	14,744	56,666	47,666	74,888	Manufactured goods, other.....	4,512	4,766	3,494	14,397	13,125	16,476
Food and beverages.....	1,442	1,803	1,759	692	521	483	Leather and manufactures.....	490	514	386	(²)	(²)	(²)
Wheat flour.....	919	324	(²)	264	126	148	Textile yarn, fabrics, and manuf- tures, except clothing.....	2,918	3,171	1,825	3,632	3,991	4,543
Corn.....	438	842	(²)	(²)	(²)	(²)	Base metals and manufactures.....	540	699	1,028	8,400	6,907	8,556
Food and beverages, other.....	85	637	1,759	428	395	335	Manufactured goods, other.....	564	382	255	2,365	2,227	3,377
Crude materials.....	1,590	2,299	3,207	(²)	1,574	1,592	Other and unspecified merchandise.....	541	175	329	1,263	1,225	2,505
Crude rubber.....	885	817	1,876	(²)	(²)	(²)	Imports from North Vietnam, total.....	24,803	23,374	23,425	35,333	34,777	30,555
Textile fibers.....	552	1,088	900	(²)	1,574	1,592	Food, beverages, and tobacco.....	2,945	3,321	2,722	4,305	6,047	7,305
Crude materials, other.....	153	394	431	(²)	(²)	(²)	Crude materials.....	1,088	970	1,517	2,425	939	948
Petroleum products.....	(²)	(²)	(²)	4,103	4,554	5,322	Jute and other vegetable fibers.....	(²)	(²)	(²)	1,192	269	376
Fats and oils.....	435	573	1,203	(²)	(²)	(²)	Crude materials, other.....	1,088	970	1,517	1,233	670	572
Chemicals.....	2,696	1,143	3,834	2,459	1,564	2,403	Coal, coke, and briquets.....	17,193	13,709	12,598	(²)	(²)	(²)
Manufactured fertilizers.....	2,003	450	2,136	1,477	1,011	1,543	Chemicals.....	443	112	326	250	79	88
Chemicals, other.....	693	693	1,698	982	553	860	Manufactured goods, other.....	2,999	4,894	5,775	26,210	26,790	20,475
Machinery.....	501	1,543	795	28,637	21,207	39,147	Cement.....	2,027	2,462	1,954	(²)	(²)	(²)
Metalworking machinery.....	106	769	100	389	301	460	Wood manufactures.....	6	15	20	6,626	5,514	5,116
Machinery, other.....	395	774	695	28,248	20,906	38,687	Clothing.....	(²)	(²)	28	15,734	16,711	10,507
Transport equipment.....	1,058	233	123	5,115	3,896	6,960	Footwear.....	1	(²)	(²)	1,381	1,399	1,357
Trucks.....	359	1	5	1,199	219	2,261	Manufactured goods, other.....	965	2,417	3,773	2,469	3,166	3,495
Ships.....	(²)	(²)	(²)	1,223	542	788	Other and unspecified merchandise.....	135	368	487	2,143	922	1,739
Aircraft.....	(²)	(²)	(²)	701	402	189							
Transport equipment, other.....	699	232	118	1,992	2,733	3,722							

¹ Excludes Cuba.² None or negligible.³ Not reported in the source.

Note: Figures are compilations of unadjusted data as reported by free world countries and the U.S.S.R.

Mr. MONDALE. Mr. President, none of the items sent from Eastern Europe to North Vietnam contain any strategic materials originating in the United States. Our Export Control Act prevents that. The Export Control Act prevents American sellers from supplying any strategic item to Communist countries.

Nevertheless, scare stories about what the U.S. Government allows persist. The Department of Commerce, the agency which administers the Export Control Act, released several statements setting the record straight. I ask unanimous consent that these releases and an excerpt from testimony prepared for the

Foreign Affairs European Subcommittee by the Department of State be inserted in the RECORD at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LICENSING OF GRAVITY METER TO POLAND
U.S. DEPARTMENT OF COMMERCE,
BUREAU OF INTERNATIONAL COM-
MERCE, OFFICE OF EXPORT CON-
TROL,

Washington, D.C.

Considerable public interest has developed respecting the issuance of a license by the Department of Commerce for the export of a gravity meter to Poland. To satisfy this interest, the salient facts surrounding the transaction and the Department's action are set forth in this brief statement.

Several months ago, the Department of Commerce received an application for a license to export a land-based gravity meter with accessories, valued at \$10,200, to the Polish Institute of Geodesy and Cartography in Warsaw, Poland, for the stated purpose of conducting geological research and geodetic measurements. It was learned through a field check that this instrument was to be used to complete the geodetic mapping program sponsored by the International Association of Geodesy, of which the United States is a member. The Soviet meter which the Polish Institute had been using was considered too heavy for use in the mountainous terrain of southern Poland; for this reason the more portable United States meter was desired.

Gravity meters are used to measure variations in the intensity of the earth's gravity. Such measurements are made for various purposes. The primary use of the data relates to geophysical prospecting for petroleum and other mineral deposits, scientific studies to determine the shape of the earth, and geophysical research of the earth's structure. Over 95 percent of the United States production of the meter sought by the Poles has been used to develop data for these purposes. Gravity data obtained by the use of all types of gravity meters are also used by the military to establish gravity values at each launch site to calibrate the acceleration of the inertial guidance system and to prepare a network of gravity information for trajectory improvement. The Communist countries of Eastern Europe have, however, already collected a large amount of land gravity data; consequently, their primary requirement today so far as ballistic and military purposes are concerned is for data respecting the vast areas of the earth covered by water. To conduct gravity surveys over water, a specially designed seaborne meter is needed. The land-based meter desired by Poland cannot be used for this purpose.

Production and technology of the various types of land gravity meters are not confined to the United States. For several years a meter of this type has been produced in Canada with features and capabilities equal to the American instrument. The production and calibration of this type meter are thus not limited to American technicians. Other meters whose accuracy and sensitivity for military end use are comparable to the subject meter are also available to Communist countries from capable instrument manufacturers in West Germany and Sweden. These land gravity meters are not subject to international control by the group of countries that maintain an embargo on the shipment of strategic commodities to Communist countries. In the past few years non-United States producers have sold more than a hundred land gravity meters to Communist countries.

For these reasons, and taking into account that only a single instrument was involved, the Department concluded that issuance of a license was appropriate. Subsequently, the applicant/licensee informed the Department that he was terminating his interest in the transaction and asked that the license be cancelled. This has been done.

STATEMENT ON HENRY J. TAYLOR SYNDICATED
COLUMNS ON LICENSING OF U.S. GOODS TO
EASTERN EUROPE

Considerable public interest has been aroused by two articles written by Henry J. Taylor in October and December 1966, mentioning a number of commodities and data that had been licensed for export or reexport to Eastern Europe.

To deal with this interest, the Department of Commerce (Office of Export Control) has prepared a brief statement of the salient features of each case cited by Mr. Taylor. Where his descriptions were precise, the Department has been able to identify its licensing actions and to be specific in its statement. When the commodities have been described in vague or general terms, only general comments could be made.

In issuing these licenses, the Department considered a variety of factors to assure that the export in question would not make a significant contribution to the military or economic potential of these countries that would prove detrimental to the national security and welfare of the United States. Prominent among these factors are: the nature of the commodity, its normal usage, and its strategic potential; the intended end-use of the commodity and the likelihood that it may be diverted from peaceful uses to strategic uses; the availability to Eastern Europe of comparable equipment in other free world countries that could render any denial of a U.S. license ineffective; and the significance of any advanced technology that might be extractable from the commodity. Consultation with other interested agencies of the government is undertaken on policy problems and on significant specific export license applications.

FERTILIZER PLANTS

Technical Data for Ammonia, Nitric Acid, Ammonium Nitrate, and Urea Plants Various licenses for U.S.S.R.

The Department of Commerce has issued licenses authorizing the export to the Soviet Union of both quotation and substantive data for fertilizer plants to produce ammonia, nitric acid, ammonium nitrate, and nitrogen solutions. (A license for quotation data does not cover specific design and technical data required to build and operate a plant. It covers only the information necessary to permit the submission of a bid.) In most cases quotation licenses have not been followed up with applications for licenses to provide technical data for the plants. The countries of Eastern Europe, including the Soviet Union, have been buying a substantial number of fertilizer plants and there is keen competition among the various Western countries capable of supplying them.

METAL CUTTING MACHINES

Licensed 9-15-66 for Bulgaria

This license authorized the shipment to Bulgaria of three machines for the precision grinding of ball tracks on the inner races of ball bearings with bore diameter of 0.75 inch to 4.5 inches. Actual export was not made because the licensee lost the order and returned the license unused. In general, ball bearings comprise three basic components: the ball assembly, an outer race, and an inner race. Each component must be processed through an intricate sequence of machining, grinding, honing, cleaning, and other operations that require a number of different types of machines. The quality of the finished ball bearings depends on how well all of the machines perform all of these operations. The precision grinders covered by this license perform only one of these operations on one component. They are not used in the manufacture of miniature, sub-miniature, or very large bearings. Denial of U.S. exports would not have been effective in preventing Bulgaria from obtaining quality grinding machines for its bearing plant,

since precision grinders are available in several West European countries. These countries do not consider such grinding machines to be strategic and readily allow exports to Eastern Europe.

ELECTROLYTIC TINNING LINE

Technical Data licensed 4-4-66 for Bulgaria

Data for construction of an electrolytic tinning line, for annual production of 50,000 metric tons tinned steel strip and sheet. A main use of tinned steel is for making tin cans, and primary uses are civilian oriented. Comparable technology is available abroad.

RAW MATERIALS FOR DYNAMITE

Bulgaria

There is no record of licensing commodities to Bulgaria for use in making dynamite.

CONTINUOUS STEEL STRIP GALVANIZING LINE

Technical Data Licensed 8-8-66 for Bulgaria

Data for a galvanizing line to produce 100,000 metric tons per year of zinc coated steel strip 28"-60" wide. Galvanized steel has a variety of civilian uses, including roofing, siding, eave troughs, metal lath, garbage cans, etc. Comparable technology and equipment are available from foreign sources.

TURBINE AND GENERATOR

Technical data licensed 1-19-66 for Bulgaria

Data for quotation, installation, maintenance, and repair of a subcritical steam turbine and generator of 200 MW capacity, to be manufactured in Japan using U.S. technology. Manufacturing data will not be re-exported from Japan to Bulgaria. The relatively small capacity indicates public utility use. West European firms and the U.S.S.R. make this size equipment with no U.S. technology.

AIRBORNE RADAR EQUIPMENT, AIRBORNE NAVIGATION EQUIPMENT & DEVICES

Various licenses for Hungary and Bulgaria

The Department has, over the past several years, licensed a variety of airborne navigation, communication, and radar equipment for export to East European destinations, when necessary for air safety. For example, the equipment we licensed under the general heading of "airborne radar equipment" was air traffic control radar beacon systems. This is a limited range system permitting the air traffic control center on the ground to interrogate each aircraft within the airport's traffic control pattern and receive an automatic response identifying the aircraft. We have also licensed the necessary related ground equipment and test instruments to support the airborne equipment.

Licenses for such equipment are issued only when the airborne equipment will be used on civil aircraft of East European countries, the related ground equipment and test instruments are required for servicing and maintaining civil aircraft in Eastern Europe, the equipment is within the range of International Civil Aviation Organization recommended standards, and the number, type, and characteristics of the equipment are reasonable for the stated end use.

The U.S. has a valid interest in seeing that all civil aircraft using the same airspace and airports as U.S. and other free world planes are equipped for the safest possible operation. To further this goal, the U.S. supports the efforts of the ICAO to secure, on a worldwide basis, the highest practicable degree of uniformity in the provision of radio navigation aids and communication facilities. Failure of any civil aircraft in international service to conform with ICAO standards would cause an unnecessary hazard to passengers, other aircraft, and persons on the ground.

VACUUM GAUGES

Licensed 8-10-66 for Hungary

These were vacuum gauges for general laboratory use, of a type that has been com-

monly available for about 30 years. This license covered 4 vacuum gauges. This equipment is also available from U.K., France, Germany, Japan, Italy, and Sweden. The license was returned unused and cancelled 10-13-66.

RAILWAY EQUIPMENT

Various reexports from Sweden to Hungary

These shipments consisted of replacement parts for maintenance of 20 diesel electric locomotives manufactured in Sweden with some U.S. components and shipped to Hungary about 3 years ago. The parts that have been authorized are considered appropriate for normal maintenance of these locomotives. Comparable locomotives containing no U.S. components are readily available abroad.

RADIATION DETECTION AND MEASURING EQUIPMENT

Various licenses for Hungary and Czechoslovakia

The use of nuclear radiation detection and measuring equipment, especially isotope scanners, has become a well-established method for medical diagnosis. The machines are used in conjunction with radio isotopes to map areas of the body for studies of pathological conditions and for planning surgery. Practically all exports of nuclear radiation detection and measuring instruments have been to medical and biological research institutes, hospitals and clinics, for the purposes described above. In addition, there have been a few exports of nuclear measuring instruments for such uses as determination of moisture in soils and newly-laid concrete or asphalt roads. The market for all such apparatus is highly competitive. Equipment comparable to U.S. products is available from the United Kingdom, France, West Germany, Netherlands, Sweden, and Japan. Such equipment does not involve advanced technology and has no important strategic use.

HYDROGEN PLANT

Technical data licensed 2-17-66 for Czechoslovakia

Technical data for erection of a relatively small (14 million cubic feet per day) hydrogen plant at a refinery in Syria. License was necessary because primary contractor is Czechoslovakian and would have access to U.S. technology. U.S. does not have effective unilateral control over such data. The data were to be reexported from Holland to Syria.

MILL FOR MANUFACTURING ALUMINUM TUBING AND COILS

Licensed 9-8-66 for Czechoslovakia

One complete mill for producing aluminum tubing from $\frac{3}{4}$ " to $4\frac{1}{4}$ " outside diameter. Capacity would vary from 40 to 250 feet per minute depending on size of the tubing being produced. Included is one complete slitting line for aluminum coils. The mill would produce light gauge aluminum tubing for irrigation pipe and furniture manufacture. The mill cannot roll aluminum alloy tubing to aerospace tolerances and cannot be employed feasibly to roll stainless steels, the refractory metals, or other hard strategic materials. Comparable equipment is available from foreign sources.

NONMILITARY PYROTECHNICAL ROCKET ENGINES

Licensed 5-24-66 for Czechoslovakia

These "rocket engines" were 300 toy propellant devices valued at 25¢ each. They consisted of a mixture of potassium nitrate, sulphur, and charcoal sealed in a rolled paper tubing. Average size of each device was $2\frac{1}{2}$ " x $\frac{3}{4}$ ". Three rockets would be sealed in a waterproof paper container about 9" x $1\frac{1}{4}$ ". The devices were taken to Czechoslovakia by U.S. citizens for display and demonstration at an international rocketry meet. Any devices not expended in demonstration were to be returned to the U.S.

DATA PROCESSING SYSTEMS, ELECTRONIC COMPUTERS, AND PARTS

Various licenses for East Germany and Czechoslovakia

The Office of Export Control has licensed a number of computers to various countries in Eastern Europe, after careful scrutiny of applications to assure that the computers were types normally used only for peaceful purposes and would not make a significant contribution to a military or other strategic program even if they were diverted to such use. The licenses that have been issued have been for computers that normally are used in such commercial operations as banking, inventory control and economic planning. In each instance, equivalent computers have been available from non-U.S. sources, so that rejecting the application would not have been effective in preventing the export of an equivalent computer. The Office of Export Control also has approved the use of U.S. components and peripheral equipment in foreign-built computers under conditions similar to those for which U.S. computers are approved.

VIRGIN MERCURY

Licensed 4-27-66 for East Germany

This was prime virgin mercury of Mexican origin, entered into the U.S. under Customs bond. This mercury is for use in production of chemical products and is not considered strategic. Grounds for denial on short supply basis did not exist in this case as the mercury was of foreign origin and had not entered into the commerce of the U.S.

ROTARY COMBUSTION ENGINES

Technical data licensed 5-12-66 for East Germany

The engines are small horsepower types suitable for outboard motors, small automobiles, and other light equipment. They are not suitable for aircraft use. The basic design of the engine is foreign. The U.S. technology applies only to modifications and applications developed by the U.S. firm.

STEEL AND COPPER MILL TECHNOLOGY

Various licenses for East Germany and Rumania

Technical data for a twin stand tandem temper mill and a single stand reversing cold strip rolling mill were licensed for reexport from the U.K. to East Germany. Similar data have been licensed for export to Rumania, as well as data for blooming mills, slabbing mills, slitting and shearing equipment, and finishing lines. Much of this equipment can be used in an integrated steel mill, but the United States has not licensed complete integrated mills. We also have authorized the export of data for a copper rod mill. Copper rods are usually drawn into copper wire, which, along with steel sheet and strip, is widely used in all sectors of the economy. Because similar data and equipment for steel and copper mills are available abroad, licenses were issued to enable U.S. firms to bid against foreign competition. Few of these licenses actually resulted in transactions, however, because West European and Japanese firms have been able to offer better pricing, financing, and delivery.

CHEMICAL ANTIOZONANT FOR SYNTHETIC RUBBER

Licensed 8-8-66 for Rumania

Antiozonants are used to counteract the deteriorating action of ozone on rubber, which results in cracking of the product and reduces the rubber's flexibility. Rubber so treated has a wide variety of uses in such products as flooring, sheeting, tires, and collapsible tanks for outdoor storage. Antiozonants are readily available from firms in Western Europe.

PIPELINE CENTRIFUGAL COMPRESSORS

Technical data licensed 4-8-66 for Rumania

Necessary data to permit French licensee to quote on two centrifugal compressors for

a 20" diameter gas pipeline in Rumania. Similar compressors are available from European firms, some of which were bidding against the French licensee. The compressors cannot be used for transmission of oil. The pipeline is considered reasonable and necessary to the civilian economy of Rumania, for supplying natural gas to homes and industry.

HORIZONTAL PRECISION BORING MACHINE

Licensed 9-23-66 for Rumania

One boring machine for manufacture of automobile pistons. Maximum size of the pistons that can be manufactured with this machine is $3\frac{3}{4}$ ", which is about the size that was used in U.S. autos 10 years ago. The pistons would be distributed in Rumania and other European countries. The machine was to be partially tooled in the U.S., with final tooling to be completed in Western Europe. Similar equipment for producing pistons is available from many foreign firms.

RADIO COMMUNICATIONS RECEIVERS

Licensed 5-26-66 for Poland

One radio communications receiver was licensed for export to a telecommunications institute in Poland. The receiver was to be used in testing and monitoring telecommunications equipment. Suitable receivers for this use are readily available from foreign sources.

REFRIGERATOR COMPRESSORS

Technical data licensed 5-4-66 for Poland

Data for the manufacture of fractional horsepower electric refrigerator compressors. The data will be reexported from Italy. The compressors will be manufactured in Poland and sold on the Polish market for use in refrigeration equipment. Comparable data are available from foreign sources.

STYRENE PLANT

Data licensed 8-3-66 for Poland

The Department licensed technical data for construction of a styrene plant in Poland. The plant would produce 30,000 metric tons of styrene from ethylene and benzene. Styrene is used for a wide variety of plastic products such as foams, packaging, appliances, synthetic rubber, and phonograph records. Comparable data are commonly available from other sources.

OIL FIRED STEAM GENERATORS

Technical data licensed 1-19-66 for Poland

Data for construction of at least 12 subcritical oil-fired steam generators of relatively small 120 MW capacity. Data are to be reexported from the U.K. This equipment could be shipped direct to Poland from the U.S. under general license authorization. Comparable data and equipment are readily available from foreign sources.

GRINDING MACHINES

Technical data licensed 5-24-66 for Poland

Data relating to the manufacture of two models external cylindrical grinding machines. These are relatively simple, inexpensive, general purpose grinding machines, comparable to many models built in Eastern and Western Europe. Primary use of these machines is in job shops and tool rooms. They are not equipped with numerical control systems. These are not considered to be strategic, and are needed for the civilian economy of Poland. Manufacture of these machines in Poland would help that country to become less dependent on Czechoslovakia and the U.S.S.R. for such equipment.

TESTIMONY BEFORE FOREIGN AFFAIRS EUROPEAN SUBCOMMITTEE BY ANTHONY SOLOMON, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS

Question.—How can we be sure that United States trade with Eastern Europe is not indirectly helping North Vietnam? What about specific exports criticized in Congressional or public correspondence?

Answer.—Trade with the Communist coun-

tries of Eastern Europe is carried on under the Export Control Act of 1949, as amended, through the Security Control Regulations of the Department of Commerce. The Export Control Act provides that licenses are to be denied for exports that make a significant contribution to the military or economic potential of a Communist country, which would prove detrimental to the national security and welfare of the United States. Individual license applications are carefully reviewed and decided on the basis of this criterion.

The regulations identify certain obviously peaceful items that may be sold and shipped without specific license applications. Paper and wood products are examples. This list was expanded by some 400 items on October 12, 1966 in accordance with the President's announcement of October 7. Items to be exported to a Communist country that are not on this "general license" list must be individually licensed.

Of the latter group, items which have strategic significance, such as advanced computers and sophisticated scientific equipment having military applications, are not licensed.

Between these extremes of license-free trade and that which clearly cannot take place for security reasons, there is a wide spectrum of items that are examined with great care on a case-by-case basis before a license is approved or denied—for example, a computer that would normally be used for retail inventory control, but which might have less peaceful applications. Advanced plants, machinery and equipment, and advanced technology are more likely to require detailed review under the Export Control Act than, for example, consumer goods. However, if the products of any such item of equipment or of such technology pose no threat to the security and welfare of the United States, such equipment or technology can be licensed for export.

We expect that our export controls will continue to limit the war-making potential of other countries while permitting normal trade in goods with little if any military significance.

Following are comments on particular items whose export has been criticized in Congressional or public correspondence.

NITROCELLULOSE

There have been no shipments of nitrocellulose to the USSR. The commodity involved was chemical woodpulp, which is used chiefly by the chemical conversion industries for the manufacture of rayon yarn, plastics, transparent film, explosives, paints, lacquers, and paper products. The chemical woodpulp that was licensed was the dissolving grade used for the manufacture of tire cord and cellulose acetate for textiles. Nitrocellulose for explosives and solid rocket fuels is produced from cheaper grades of chemical woodpulp that are widely available in European countries, including the Soviet Union.

DIETHYLENE GLYCOL

This commodity is used almost exclusively in the production of civilian goods. In the United States, about 87 percent of our total consumption of diethylene glycol is in the manufacture of antifreeze for automobiles. The remainder is used mainly in the production of resins, plasticizers, products for lubricating fibers and textiles, and as a moisture-retaining substance in such goods as tobacco, ink, glue, cork, dyes, and cellophane. Only a minor fraction of the U.S. consumption of diethylene glycol is in the manufacture of some of the ingredients of explosives. In the process of explosives manufacture, however, several complex and expensive processing steps are required to convert diethylene glycol into a material having explosive characteristics. Diethylene glycol is not known to have direct or indi-

rect use in the production of liquid rocket propellants.

POLYVINYL BUTYRAL

This chemical is used mainly in the manufacture of peaceful items. When in the form of film or sheeting, it is used as component of shatter-proof glass, which in turn finds its principal application in automobiles, trucks, busses and railway cars. Only a minor portion of this production is in the form of bullet resistant glass. The product that was licensed for export, however, was in the form of powder and was, moreover, of a chemical type that can not be processed readily into film suitable for use in the production of safety glass. Its principal application is in the formulation of paints, varnishes, and protective coatings for various types of consumer goods.

AIRBORNE RADAR NAVIGATION EQUIPMENT AND DEVICES

These types of equipment are shipped to European Communist countries to assure acceptable standards of air safety in civil aircraft. This is in accordance with the objectives of the International Civil Aviation Organization, of which the United States is a member. It is United States policy to encourage the purchase of safety equipment by foreign airlines, following a finding that the export would not make a significant strategic contribution to the importing country. Each case is subject to interagency examination.

ELECTRONIC COMPUTERS (AND PARTS)

Computers whose technical specifications do not exceed certain levels and which will be used for banking, inventory controls, economic planning, or other such peaceful purposes are exported to European Communist countries. Such a computer is exported only when the United States believes it to be unlikely that the computer will be diverted to strategic uses.

FERTILIZER PLANTS

The Department of Commerce has issued licenses authorizing the export to the Soviet Union of both quotation and substantive data for fertilizer plants to produce ammonia, nitric acid, ammonia nitrate, and nitrogen solutions. (A license for quotation data does not cover specific design and technical data required to build and operate a plant. It covers only the information necessary to permit the submission of a bid.) In most cases quotation licenses have not been followed up with applications for licenses to provide technical data for the plants. The countries of Eastern Europe, including the Soviet Union, have been buying a substantial number of fertilizer plants and there is keen competition among the various Western countries capable of supplying them but most orders have gone to Western European companies.

GRAVITY METERS

The licensing of two land-based gravity meters for export to Romania is consistent with the policy of permitting exports that are determined to be reasonable and necessary to the Romanian civilian economy. Gravity meters are used to measure variations in the intensity of the earth's gravity. Such measurements are made for various purposes. The primary use of the data relates to geophysical prospecting for petroleum and other mineral deposits, scientific studies to determine the shape of the earth, and geophysical research of the earth's structure. Over 95 percent of the United States production of the type of meter exported to Romania has been used to develop data for these purposes. Gravity data obtained by the use of all types of gravity meters are also used by the military to establish gravity values at each launch site to calibrate the acceleration of the inertial guidance system and to prepare a network of gravity information for trajectory improvement. The

Communist countries of Eastern Europe have, however, already collected a large amount of land gravity data. In contrast, there is a relative dearth of gravity data for the ocean areas. Thus, while there is a continuing need by the Communist countries for additional land data to complete and refine existing surveys, their primary requirement today so far as ballistic and military purposes are concerned is believed to be for data respecting the vast areas of the earth covered by water. To conduct gravity surveys over water, a specially designed seaborne meter is used. The land-based meters shipped to Romania cannot be used for this purpose.

Production and technology of the various types of land gravity meters are not confined to the United States. For several years a meter of this type has been produced in Canada with features and capabilities equal to the American instrument. The production and calibration of this type meter are thus not limited to American technicians. Another meter whose accuracy and sensitivity for military end use is comparable to the subject meter is also produced in West Germany. These land gravity meters are not subject to international control by the group of countries that maintain an embargo on the shipment of strategic commodities to Communist countries. In the past few years non-United States producers have sold a significant number of land gravity meters to Communist countries.

FOUR HUNDRED COMMODITIES PLACED UNDER GENERAL LICENSE FOR EXPORT TO EAST EUROPE

These commodities (as well as a large number of others placed under general license over the years) were placed under general license to East Europe (excluding the Soviet Zone of Germany) because the United States believes that they can be freely exported without risk to the United States national interest. Before the general license went into effect, a shipment of any one of these commodities to Eastern European countries other than Poland and Romania required an individual validated license. Placing them under general license merely reduces the administrative burden of American businessmen and of the Government.

It should be emphasized that it was not a case of changing the ratings of these items from strategic to non-strategic in one day. It was rather a change from validated license requirement to a general license.

Mr. MONDALE. Mr. President, the basis of the Mundt amendment is mistaken in fact—American business is not assisting the North Vietnamese. If we allow ourselves to be blinded by such stories, we hurt only ourselves—our balance of payments, our peaceful strategic trade, our attempts to understand and assist the nations of Eastern Europe in their attempt to break the monolithic position of the Communist bloc.

Mr. President, throughout Eastern Europe there are young, able, Communist leaders coming into their own who desperately desire to break loose from Soviet Union control. If they are going to be free to do so, they must first have a trade lifeline to the West. This proposal, if it were successful, would be playing totally and completely into the hands of Soviet strategy. But it will not be effective except to adversely affect our balance of payments and adversely affect the economy of this country, because it will simply shift this same trade to our competitors in Western Europe and elsewhere.

The proposal is at best a nullity, but it is far more than that. If it is adopted, as I said earlier, there will be great joy in

Moscow and great joy by De Gaulle and others who wish to detract from the strength and vitality of this country. This amendment is not like some of the restrictions contained in the Export Control Act or in the Eximbank Act. This is a trade restriction act which would prevent all trade between us and Eastern Europe, and would be disastrous and a very dangerous thing for this country.

Mr. MUNDT. Mr. President, I shall be happy to yield 1 minute, or such time beyond the 1 minute as he may desire, to the distinguished Senator from Nebraska [Mr. HRUSKA].

Mr. HRUSKA. Mr. President, I rise in support of the Byrd-Mundt amendment. It is my intention to vote for it when that time comes.

On frequent occasions this Senator has discussed in some detail the matter of extending the benefits of U.S. actions, whatever they are, whether they are governmental, private, or a combination of the two, to Communist countries who are actively engaged in actions which make possible the continuance by North Vietnam of sustained warfare in South Vietnam.

Such benefits accrue when American firms sell and export to Communist countries who are supplying material, arms, and munitions to North Vietnam and to the Vietcong.

It seems very much in order to express disagreement with the idea that it is wise policy to engage in any program of building bridges to Communist countries. It is an expression of disagreement with the wisdom of entering into relationships with countries which are inconsistent with the direct efforts of such countries to support resistance to and defeat of U.S. military and other efforts and programs in Vietnam.

I wish to commend the Senator from South Dakota for having undertaken the authorship and the sponsorship of this amendment, in association with the Senator from Virginia. I repeat that it is my intention to support and to vote for the amendment.

Mr. MUNDT. I thank the Senator from Nebraska.

The PRESIDING OFFICER. Who yields time?

Mr. MUNDT. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. MUNDT. I thank the Senator from Nebraska for his very encouraging and helpful remarks, and for his customarily sound judgment in casting his vote against the encouragement of trading with the enemy in time of war.

I ask unanimous consent—on my time, Mr. President—that the clerk at the desk read section (a) as it appears in the amendment, because at the time Senator Byrd and I offered the amendment and called it up for action, we modified the first paragraph, section (a). I have called this to the attention of the Senator from Minnesota, but for the information of all Senators, it should be realized that this bill deals with export products only.

In fact, Mr. President, since the amendment is short, I ask unanimous consent that the clerk read the entire amendment in its present form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The legislative clerk read as follows: At the end of the amendment, insert the following new section:

SEC. —. Special 20 percent surtax on taxpayers trading with certain Communist countries

(a) In addition to any other tax imposed by the Internal Revenue Code of 1954, there is hereby imposed on every taxpayer who during the taxable year has engaged in export trade with any Communist country which is supplying material to the Government of North Vietnam, a tax equal to 20 percent of the taxable income of the taxpayer for the taxable year.

(b) The tax imposed by subsection (a) shall apply for any taxable year only to taxpayers who have been granted a license to export or who have filed an export declaration with customs at the port of shipment and who fail to file a statement with their tax return that they have not engaged during the taxable year in trade with any Communist country which is supplying material to the Government of North Vietnam.

(c) Terms used in this section shall have the same meaning as when used in the Internal Revenue Code of 1954.

(d) This special 2 percent tax shall cease to be applicable when the United States is no longer engaged in armed conflict with North Vietnam (whether or not there has been a declaration of war).

Mr. MUNDT. I thank the clerk for reading the amendment in its full text. This, for all Senators, will clear up any ambiguities which they might have had in mind. It is unfortunate that some errors were included in the original printed text, but the amendment is now before the Senate in the precise form in which it was offered and intended by the authors, the Senator from Virginia [Mr. BYRD] and myself.

I shall yield in a moment to the Senator from Virginia such time as he may desire, so that he may continue with the debate. I shall, later in the period allotted to me, respond to the statements just made by the distinguished Senator from Minnesota [Mr. MONDALE]. He has been called from the floor, as I am being called from the floor. I prefer, of course, to respond in his presence, if he has returned at the time I am able to obtain the floor again, but in any case, what he has said deserves analysis, consideration, and a reply.

Before yielding to the Senator from Virginia, I wish to point out one factual item which became a center of some discussion in our various colloquies yesterday.

I was asked several times yesterday if I would name the full list of Communist countries which are supplying weapons to our enemy in North Vietnam. I rather hesitated to do that from memory, because to name a partial list might exempt from consideration some other country which had not come to mind.

Today, before the Senate convened, I took the time to consult with the Internal Trade Analysis Division of the Department of Commerce. I told them that some of my colleagues thought this was information which should be in the legislative history. I said I had taken a river shot at it, and given a saddleback opinion yesterday as to four of them that I knew something about, but I would like to have the list in its entirety.

So I received it. This is for the year 1966: Czechoslovakia, East Germany, Hungary, Poland, Rumania, and the U.S.S.R.

I was advised that in previous years, Albania and Bulgaria have also been engaged in shipping supplies to the enemy; and, in the case of Bulgaria, at least some arms were shipped in 1966, and the Division believes some are being shipped now, but they have not yet been able to assimilate the figures to make them available.

So under the caveat of "let the seller beware," I suspect that this bill is going to apply to Americans exporting material of any kind to the following Communist countries supplying materials of all types, including weapons of war, to North Vietnam—I read the list again so that every Senator will have them in mind: Czechoslovakia, East Germany, Hungary, Poland, Rumania, the U.S.S.R., Albania, and Bulgaria.

I note with some gratification that while Yugoslavia is a Communist country, it is not engaged in the wicked business of shipping armaments to our enemy in Vietnam. So under that circumstance, unless it changes, there at least is one Communist country to which American traders can continue to export products without being subject to this special penalty tax being levied against those who make it more difficult for us to end the war, and make it more costly in terms of human life for those who fight the war. Our amendment is directed solely at that kind of export, the Communist countries engaged in that kind of bloody business in supplying the weapons which, even now, are prolonging a war which should long ago have been over; because every military expert we have talked with, the knowledgeable people of the entire area, have said that without this steadily growing, significant stream of armaments, guns, weapons, and petroleum from the Communist countries of East Europe, long ago the armies of Hanoi would have had to fold up, because you cannot operate a modern war without oil, and you cannot fight a modern war without planes and moving vehicles.

You have to have tanks, and you have to have helicopters; and while it is true that some may argue that Red China and Red Russia both are supplying arms to Red Vietnam we must remember that the Red Chinese are caught up in a cultural revolution, which is to say they are having a bloody civil war in China, and they need their own guns, their own planes, and their own tanks to maintain some semblance of order over there. So Russia and her East European satellites have become virtually the sole source of supply of all important weapons now being used by Hanoi to continue its war activities.

So we come face to face with the issue, as we vote on this matter in an hour or so: Do we want to take some legislative step, however small, to decrease the shipment of the weapons of war to North Vietnam which are responsible for the war continuing there, which everybody seems to want to stop—doves, hawks, and eagles? Some want to stop it by running out. Earlier today, the distinguished dep-

uty leader for the Democratic side made quite a speech as to why he did not think we should accept defeat and pull out.

Some favor just holing up and rotting away in the unsavory climate of the Orient, subjecting our soldiers to the continual ravages of tropical diseases and staying there endlessly, not fighting, but ducking and dodging and dying until the forces of attrition force us out.

Everybody wants to bring the conflict to an end. Those of us who believe we should bring it to an end successfully, as a prelude to an enduring peace, also want to bring it to an early end. We believe steps should have been taken through the diplomatic and economic processes years ago, but it is never too late to start trying.

The first opportunity this body will have to start an effective approach, by diminishing the flow of arms to Communist countries assisting North Vietnam, will be the rollcall vote on this amendment.

Mr. President, I yield such time as he may desire to the distinguished Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. BYRD of Virginia. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BYRD of Virginia. Mr. President, how much time remains to the Senator from South Dakota?

The PRESIDING OFFICER. The Senator from South Dakota has 20 minutes remaining.

Mr. MUNDT. Mr. President, may we have a division of all the time between now and the time fixed to vote? It is a little complicated, I know, to divide time that way.

The PRESIDING OFFICER. The Senator from South Dakota has 20 minutes remaining. The other side has 30 minutes remaining.

The Senator from Virginia is recognized.

Mr. BYRD of Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Out of whose time?

Mr. BYRD of Virginia. Out of our time.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMATHERS. Mr. President, I yield 10 minutes to the distinguished Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 10 minutes.

Mr. DODD. Mr. President, I will try to be as brief as possible. I hope that the Senator from South Dakota will be present because I am extremely anxious that he hear what I have to say.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 10 minutes.

Mr. DODD. Mr. President, I asked for this time in order to clarify my position

with respect to the amendment offered by the Senator from South Dakota.

After reading over the RECORD and thinking the matter over again, I am not sure that I made my position altogether clear. I was present as much as possible to hear the debate.

The Senator from South Dakota enjoys a deserved reputation as a highly knowledgeable and effective opponent of communism. In most matters that have to do with our responses to communism and the cold war, I have found myself in agreement with him. Indeed, although we do have some important differences in the field of domestic policy, on foreign policy issues, unless my memory fails me, we have agreed about 98 percent of the time.

I understand what moves the able Senator to submit this amendment.

It is unquestionably true that Hanoi is receiving the bulk of its military supplies from the Soviet Union and the other Communist countries of Europe. Certainly, this has been the source of the radar-equipped antiaircraft systems that have thus far brought down 900 American planes over North Vietnam.

It is also true that, while this has been going on, we have been moving to expand our trade with the Soviet Union and the Communist bloc, rather than to restrict it. And, in doing so, I fear that we have encouraged other Western nations to follow our example. I do not see how we can be very effective in asking others not to do what we are doing.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. MUNDT. The Senator is quite right. And it is one of the things that troubles me. The Senator speaks correctly when he says that we have joined together in so many efforts to do something about winning the cold war when it was only a cold war. One example of this was our cosponsorship of the Freedom Academy legislation.

I am sure that the Senator is as desirous as is any other Senator of trying to do something about shortening this war without defeat and without failure. I have heard the Senator express himself rather eloquently before the Committee on Foreign Relations.

Mr. President, I yield myself 2 minutes on my time.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 2 minutes.

Mr. MUNDT. Mr. President, I want to explain the reason why we came up with the pending amendment.

I gave a speech in Brussels, Belgium, about last Thanksgiving Day at the NATO Parliamentary Conference, in which I, as a Republican, was stating before that distinguished body of parliamentarians from various countries—about 250 foreign parliamentarians being present from 15 countries—our American position in the war and defending the decision of our Democratic President not to accept defeat in that conflict. I felt it was my patriotic duty to do so.

I did my best. I pointed out that we could use at this time a little more friendliness from the NATO countries, that we were not asking for money or materials

of war or for manpower. I pointed out that we were just asking that they not shoot us in the back by shipping supplies to Haiphong. My speech has twice been inserted in the CONGRESSIONAL RECORD by colleagues of mine who approved of my presentation.

I pointed out to them that there is not any victory that we could win over there that would not mean more to England, France, Belgium, and the other NATO countries than it would to us, and that there is not any defeat we face which would not mean more to them than to us. If they force us out, by surrender to defeat, we still have the bomb and our great system of defense. We could still defend ourselves for a while, even though it seems to me that in the end a greater cataclysmic holocaust might be expected.

They accepted that statement. But they said: "How can we explain that to our chiefs of staff when your country is encouraging your people to send supplies overseas and is also supplying the fighting men? We were not supplying men. Our boys are not being killed. And if you send men overseas and supply the materials to make the guns with which to kill your own boys, how can we convince our leaders that we should put a greater sanction on our exporters than you put on yours?" It was a question to which I could not provide a logical or a convincing answer.

That is one reason that we are trying to write a sort of sense-of-the-Senate measure with this tax amendment so that this kind of export business should be discouraged. That is about what we are trying to do.

Mr. DODD. Mr. President, I thank the Senator. He makes sense, as he always does. I would like to explain, if I may, a little more specifically what I was talking about.

I think this policy has been mistaken, as I have said on more than one occasion, but I think that the amendment proposed by the Senator from South Dakota will not be effective in dealing with the situation about which he rightly complains; and I also feel that it would be a political mistake to take an omnibus approach to all Communist countries, rather than differentiating between them.

In my remarks yesterday, I said that, in the case of the Soviet Union, we should restrict or liberalize our trade policies, depending on their conduct in world affairs. That is not a new position for us. The Senator from South Dakota and I have long held that position.

When we negotiated the big grain deal with the Soviet Union a few years ago I said that I was opposed to selling them grain. If the people were hungry, I said let us give it to them. But in return let us ask that they stop their subversion around the world.

I have taken the position that if they step up the cold war, as they are now doing in Vietnam and elsewhere, then we should cut back sharply. On the other hand, if they were to assist in terminating the Vietnam war on acceptable conditions, I would be in favor of letting them know in advance that we would be prepared to pay for this with substantial

trade concessions, including the granting of long-term credit.

But so long as the Soviet Union continues to serve as Ho Chi Minh's chief source of military supplies, so long as she does everything in her power to prevent a settlement of the Vietnam war, it is folly to push for an expansion of trade with the Kremlin.

In support of his remarks yesterday, my colleague from South Dakota inserted into the Record a long list of strategic commodities exported to European Communist destinations, primarily the Soviet Union. I share his view that this list gives evidence of a tragically mistaken policy and that, instead of seeking an extension of trade with the Soviet Union under present circumstances, we should sharply restrict the list of commodities whose export to the Soviet Union is now permissible.

The Senator rightly says that these supplies enhance the capacity of the Soviet Union and the other Communist countries to send war materials to Vietnam, and that some of these strategic items are probably transshipped directly to Vietnam.

I would like to put an end to this situation as much as he would.

His amendment, however, if it were enacted, would not materially affect the situation.

Exporters would still remain free to export the same list of strategic commodities to Communist countries; and the Communist countries would still continue to ship arms, and sometimes transship strategic commodities, to North Vietnam.

Mr. MUNDT. It would pretty well stop Americans from shipping arms to those countries, because the 20-percent tax on overall products is a severe penalty; and even with the great profitmaking prices the Soviet Union is willing to pay for supplies, I doubt whether many corporations would subject themselves to an overall war profits tax of 20 percent just for the privilege of shipping materials to the enemy. I believe it would curtail that.

Mr. DODD. I have thought about that. I still make the point—and I am sure the Senator agrees—that they still would be free to do it.

True, exporters would have to pay a penalty in the form of the 20-percent surtax proposed. But the exporters could, in many cases, pass this cost on to their Communist clients, while, in other cases, their Communist clients would probably purchase comparable equipment from other Western sources.

I want to ask the Senator how he arrived at the figure of 20 percent. If we want to stop it altogether by the tax instrument, why do we not make it 100 percent?

Mr. MUNDT. All the arguments that the Senator raises against 20 percent could be raised against 100 percent.

Mr. DODD. I do not particularly raise them against 20 percent.

The ACTING PRESIDENT *pro tempore*. The time has expired. Who yields time?

Mr. SMATHERS. I yield 5 minutes to the Senator from Connecticut.

Mr. MUNDT. I ask for 2 minutes.

Mr. SMATHERS. I yield 7 minutes.

Mr. MUNDT. The same arguments hold. If, in fact, the Communists are going to pay such fantastic rates that they absorb 20 percent, they will absorb 100 or 150 percent. There is no magic about the 20 percent.

We are trying to stigmatize this trade, to free ourselves from the curse of cupidity which is being leveled against us by all our foreign friends, to try to bring some unity in this country among the young people who cannot understand why they should be drafted to go to war while some corporations are making millions of dollars of extra profit by prolonging the war they are expected to fight.

It will not stop everything. But I believe the other countries of the world, the American forces now overseas, the parents of these servicemen, and the young members of YAF, who are petitioning Congress to do something about it, are entitled to have an expression from us that we stigmatize this trading with the enemy and are trying to discourage it.

Perhaps later, in a more deliberate time, we can take another step, but we have the opportunity to take a first effective step right now.

Mr. DODD. To deal with this situation effectively, as I see the matter, three measures are necessary.

The first thing we have to do is to let the Soviets know that, in view of the fact that their government remains the chief purveyor of military equipment to North Vietnam and the Vietcong, we are obliged, as a matter of elementary self-defense, to sharply restrict the list of commodities whose export to the Soviet Union is permitted.

The second thing we have to do is to embark on an all-out diplomatic campaign to bring about the cooperation of our allies and of other friendly governments in restricting the flow of strategic commodities to the Soviet Union.

And the third thing we ought to do is to close the Port of Haiphong. This is something that could easily be done by sinking a few overage freighters, loaded with concrete, athwart the narrow ship channel, 5 miles long and 100 feet wide, which leads into Haiphong.

I believe that we in the Senate have the responsibility to do everything in our power to persuade the administration to take these vital and long overdue steps.

The Senator from South Dakota said last night that he is not a military man, and that he did not want to pass on that. I say to him, with great respect, that he is overmodest. I am not a military man. I believe that all one needs—and the Senator from South Dakota has it in great abundance—is the commonsense to know that you cannot permit your enemy to get supplies through an open port, right in front of your eyes, day by day—the weapons and ammunition and other material with which to kill American boys.

I do not know why we do not stop it. It should be stopped.

That is what I believe we should do.

The Senator from South Dakota might argue, "You may be right about that, but let's try my proposal." I fear that in trying it, we will hurt ourselves. This is

a difference of opinion between two men who generally agree on objectives.

In the case of the Communist countries of central Europe, I said yesterday that we should liberalize our trade policies if they show more independence or grant more freedom to their subjects, and that we should cut back sharply on trade, especially on the items they most desire, whenever they tighten the screws of Communist dictatorship and whenever the trend toward partial independence from Moscow is reversed.

I cited Czechoslovakia as an example of a Communist country which seems to be moving in the right direction, and Poland as an example of a Communist country that appears to be moving in the wrong direction. And I said that I was opposed to the Senator's resolution because it would make it impossible for us to differentiate in our trade policy between Czechoslovakia and Poland.

My distinguished colleague said in reply that he, too, was in favor of using trade as an instrument of diplomacy in our dealings with the Communist countries.

He said that our ambassador might tell the Czechoslovak Government, for example, that if they stop sending arms to our enemies, we will be prepared to make trade treaties with them.

The Senator's concept of diplomacy differs from my own.

In the first place, no Communist country is going to agree to stop sending arms to North Vietnam so long as the war continues. It is conceivable that, given a favorable conjuncture of circumstances, they may be willing to cooperate in bringing the war to an end. But that is an altogether different matter.

To offer them trade treaties only if they terminate all supplies to North Vietnam would be tantamount to an ultimatum. And ultimatums are the direct antithesis of diplomacy.

Before any Communist country agrees to stop shipping material to North Vietnam, it would have to become openly anti-Communist. This is a goal that may be desirable as a long-term objective, but it is certainly not an imminent practicality.

For the foreseeable future, the best that we can hope for, in the case of the Communist countries of central Europe, is that they will move, step by step, toward greater independence from Moscow, toward more personal freedom for their subjects and more political freedom for non-Communist elements in their society, and toward government that is responsive, at least in some degree, to popular will.

At every step along this difficult road, we should be prepared to use all the resources of our diplomacy and of our information services to encourage such Communist governments.

It would be the height of folly to postpone any such encouragement or assistance until these governments had traveled all the way to the openly anti-Communist posture which the Senator from South Dakota, if I understood his remarks yesterday, demands of them.

So let us not lump all Communist government together in a single undiffer-

entiated mass, as this amendment seeks to do.

Let us reserve some flexibility for ourselves.

But let us at the same time push for the strongest possible measures by the administration to restrict the flow of war material to North Vietnam from all sources, and to restrict the flow of strategic commodities to the Communist governments that are supplying Hanoi. And that means in the first place the Soviet Government.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired. Who yields time?

Mr. MUNDT. Mr. President, I yield such time as he may desire to the distinguished Senator from Virginia, the coauthor of the pending amendment.

Mr. BYRD of Virginia. Mr. President, may I ask how much time the Senator from South Dakota has remaining?

The ACTING PRESIDENT pro tempore. The Senator from South Dakota has 17 minutes remaining.

Mr. BYRD of Virginia. I yield myself 4 minutes.

Mr. President, in discussing the Mundt-Byrd amendment, I am not one of those who see a Communist behind every tree or beneath every bush.

I doubt that our Nation can or should police the world and determine just what form of government each of the other nations should have.

So in supporting the Mundt-Byrd amendment to the pending legislation I do it not from the point of view of anti-communism, but from the belief that this could be a step—perhaps only a small one—in bringing to our Government a sense of urgency in ending the Vietnam war.

The Mundt-Byrd amendment would put a profiteering tax on those businesses and exporters which trade with the Communist nations, which in turn supply the North Vietnamese at whose hands the United States has suffered 140,000 casualties—with the casualty rate still rising.

For the first 12 weeks of 1968, U.S. casualties averaged 2,300 per week. This compares with 1,000 casualties per week during the 2-year period 1966 and 1967.

As I see it, when you are in a war, when your national honor is at stake, when your men are being shot at, when you are taking heavy casualties—I would think you would want to put all diplomatic and financial pressure on those helping the enemy—even if it means less business profits.

It was 3 years ago that the massive buildup of U.S. manpower in Vietnam began. During the past 3 years the number of troops has increased from 29,000 to 510,000. General Westmoreland has requested an additional 200,000 troops. I want to ask today what I asked on the floor of the Senate a year ago when the number of U.S. troops in Vietnam were substantially less than they are now: Are we going to continue to send more and more troops, suffer more and more casualties, and simultaneously do nothing to shut off the supplies going to the enemy, take no steps to put diplomatic and financial pressure on friend and foe

alike—and have business as usual at home?

When the top U.S. military commander in the Pacific, Adm. U. S. G. Sharp, suggests that Haiphong harbor could be closed by sinking some old U.S. merchant ships in the channel, thus blocking the harbor without injury to ships of any other nation, we are told, "Oh, no; that cannot be done, because the Russians might not like it."

During 1967, 78 free world ships and 386 Communist ships carried cargo to North Vietnam. The Soviet Union announced yesterday it is stepping up its shipments to North Vietnam this year by 20 percent more than they sent last year.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, when U.S. Senators suggest that diplomatic and financial pressure should be put on the British to prevent ships flying their flag to carry cargo to and from Haiphong—as did 67 during the calendar year 1967—we are told, "Oh, no, we cannot do that, it might be hurtful to Harold Wilson, who is having a tough time holding his Socialist government in power."

And then, when it comes to the matter of bombs we are told, yes, it is true, the United States had dropped a greater tonnage of bombs during the Vietnamese war than were dropped on all of Europe during World War II, but that 85 percent of this tonnage was dropped on South Vietnam—Yes, on South Vietnam. "It is not wise to do much bombing of the enemy in North Vietnam," we are told, "because world opinion might get upset."

Now we come to today's pending amendment, the Mundt-Byrd amendment to put a special tax on war profiteers, profiteering by those who would export to Communist nations, which in turn ship to North Vietnam. "Oh, no, this should not be done," we are told, "because Czechoslovakia or Poland or Rumania or some other Communist country might be alienated."

So, Mr. President, I ask this question: How are we going to end this war?

Mr. President, in supporting and advocating the Mundt-Byrd amendment I stand on one broad principle, and that is, if we are going to keep 500,000 Americans in Vietnam—and consider sending even more there—then we must change our method of conducting this war, or else our casualties will continue to mount without our objective being achieved.

Certainly a good place to start, it seems to me, would be for the Senate to approve the Mundt-Byrd amendment so as to let the American public know that at least we in the Senate regard this war as a serious matter, that we look with disfavor upon those nations which trade with our enemy, and that we are prepared to slap a heavy tax on those American companies which export to nations which in turn supply our enemy.

Mr. President, the amendment offered by the Senator from South Dakota has an automatic termination date—when-ever hostilities cease between the United States and North Vietnam. At that time this amendment ceases to be operative.

If a nation does not want the provision to apply to it they only need to cease trading with North Vietnam which is the nation with which the United States is at war.

I am glad to associate myself with the distinguished Senator from South Dakota in this endeavor in the hope that it will be one step, even though a small one, in bringing a sense of urgency to our Government.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. MUNDT. Mr. President, I appreciate the statement of the distinguished Senator from Virginia. The Senator has given an excellent, cogent, concise, and compelling argument which should bring a great vote of support for our amendment from an overwhelming number of Senators.

The emphasis by the Senator on the termination date is correct. It is really also a terminal date as far as taxpayers are concerned. All a taxpayer need do is refrain from reaching out for that little extra profit he might get from exporting supplies to the Communists which expand the capacity of our enemy in this most cruel war to prolong it even after 5 years of fighting.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. MUNDT. Mr. President, what is the division of time now?

The ACTING PRESIDENT pro tempore. The Senator from Florida has 15 minutes remaining; the Senator from South Dakota has 8 minutes remaining.

Mr. MUNDT. Mr. President, I stand by patiently waiting for the other side to use some of its time.

ORDER OF BUSINESS

Mr. SMATHERS. Mr. President, I yield 5 minutes to the Senator from Mississippi.

Mr. STENNIS. I thank the Senator, especially since this is not relevant to the subject matter but a matter that will greatly accommodate me at this time.

The ACTING PRESIDENT pro tempore. The Senator from Mississippi is recognized.

REPORT BY SELECT COMMITTEE ON STANDARDS AND CONDUCT

Mr. STENNIS. Mr. President, because of the late hour of the termination of the Senate session last Friday evening, I did not have the opportunity to present any summary or interpretative conclusions for the resolution that we agreed to.

With the completion of action by the Senate on Senate Resolution 266, it is appropriate to recognize and commend the interest and work of Senators in seeking to develop an effective set of standards of conduct.

During the 5 days of intensive debate here last week on the committee's recommendations, several beneficial revi-

sions were made to the original resolution. The final product, as reflected by the almost unanimous vote of the Senate, represented the consensus of all of us, and is a workable and valuable addition to the body of senatorial ethics.

The Senate now has four special rules of conduct for the guidance of its Members, officers, and employees.

Rule 41 regulates the outside business or professional activity or employment of Senate officers and employees. There are two main provisions in the rule. First, each officer and employee must insure that his own outside activities are not in conflict with his responsibilities to the Senate. Second, the supervisors, who in most cases are Senators, must review the outside activities of their employees and take such remedial action as prudence and good judgment would indicate to avoid any conflict of interest or interference with the duties of the employees to the Senate. In making this review and in taking this action, a Senator will be acting in the discharge of his official duties and responsibilities.

The thrust of rule 41 is toward personal service type activity or employment—that is, jobs or services that entail the performance of work, whether occupational, managerial, creative, or professional. This rule represents a significant step to assure that employees of the Senate devote their principal attention to their positions on the various Senate staffs and, above all, to minimize conflicts of interest.

The financial activities of officers and employees also will be subject to review and inquiry, if necessary, through the operation of the financial disclosure rule that I will comment on later.

Rule 42 regulates the acceptance and use of contributions by a Senator or a candidate for Senator. The rule permits them to accept contributions from three sources: from a fundraising event, from an individual or organization, and from a political party. Before a Senator or a candidate may accept the proceeds of a fundraising event—a testimonial dinner, for example—he must give his advance approval. This advance approval will do much to assure that the fundraising event is properly represented to the public and that the principles of good business management are followed by the sponsors of the event, for it is incumbent upon the Senator to take enough interest to prevent flagrant abuse.

Whether from a fundraising event, an individual or an organization, or from his political party, the funds accepted by the Senator or candidate must be accounted for and, under a later rule, reported to the public.

Rule 42 permits the use of contributions by a Senator to support his nomination for election, or his election. Full understanding of this critical restriction suggests a reading of the language of the rule. It states:

The Senator may use the contribution only to influence his nomination for election, or his election, and shall not use, directly or indirectly, any part of any contribution for any other purpose, except as otherwise provided herein.

It seems plain from these words that the nomination or election are events following or concurrent with the receipt

of the contributions. If the nomination or election were in the past, then they could certainly not be influenced by after-acquired contributions. Thus it is clear that contributions may not be used to pay off past campaign or alleged past campaign deficits. The committee intended this application of the rule as to deficits of past campaigns.

An additional word about campaign funding, especially deficits. Rule 42 does not purport to regulate election financing. The rule simply fills a gap on the periphery of campaign practices. Detailed regulation of the conduct of campaigns is not a matter for Federal regulation, but is best handled at the State level in order to take into account local variations in campaign practices and the historical evolution of the political structure of each State. There are 50 sets of State laws on this subject. A standard of conduct of the Senate is hardly the vehicle to replace them.

The rule requires a detailed report of all these expenditures as to source and also outlay of these funds; and this report must be made public.

Under rule 42, a Senator also may use contributed funds to defray certain expenses of his office, such as travel to his home State, communications to his constituents, and particular office expenses that exceed his allowances.

All of the members of the committee have always felt that these kinds of expenses should be paid by the Federal Government. But since it is a fact that allowances are not enough in some cases, the committee believed that a Senator should not be deprived of the means of supplementing his reasonable and necessary office expenses. I have written to the chairman of the Committee on Rules and Administration, calling his attention to this situation, and suggesting that his committee undertake a thorough study of Senators' allowances and offer an appropriate remedy.

Rule 42 provides further that a Senator must report all gifts aggregating more than \$50 from a single source during a year in accordance with the later disclosure rule.

The third rule, No. 43, prohibits generally an officer or employee who is paid by the Senate from becoming involved with campaign funds. A Senator may except specifically an assistant in his own office from the restrictions on receiving, soliciting, taking custody, or distributing campaign funds, provided the assistant's name is made public through the office of the Secretary of the Senate. But committee assistants and officers and employees of the Senate itself may not handle campaign funds for Federal office under any circumstances. This rule goes a long way toward taking employees out of campaign funding.

The final rule, No. 44, sets up a comprehensive program of financial disclosure. Every Senator, candidate for Senator, and officer or employee who is paid more than \$15,000 a year by the Senate, must file each year by May 15, a copy of his Federal income tax return and a supplementary statement of financial interests. The supplement covers client fees, director and similar fees, the identity of property and trust interest that are greater than \$10,000, the

identity of liabilities exceeding \$5,000, and gifts. Only the Committee on Standards and Conduct, for cause shown, may examine these reports. Many safeguards against a breach of the confidence of these reports are incorporated in the rule. The individual concerned must be given notice when his reports are examined, and again when the committee undertakes to receive the reports as evidence in a hearing. Provision is made for the return of reports after 7 years, or upon death or termination of service.

Rule 44 requires these same persons to file an additional report each year of contributions and honorariums received. This additional report will be made available to the public.

Thus, all significant financial interests will be reported annually. Those of a private character are available to the Committee on Standards and Conduct, which may use them for the investigation of a complaint or allegation of misconduct. Income which is closely allied to official position is made public.

The rule on political fund activity by employees will be effective 60 days from March 23, 1968, while the other three rules will take effect 90 days from said date. The first disclosure or report of financial interests will be required to be filed by May 15, 1969, and annually thereafter. None of the rules apply to the period of time before they become effective.

These rules are now part of the standing rules of the Senate. As in the case of any rule of the Senate, a violation may be subject to inquiry by the Select Committee on Standards and Conduct. The committee may then recommend appropriate action to the Senate. The power to punish remains in the Senate, as a body, and in accordance with precedent and authority may range from mild admonition to expulsion. In addition, the committee may refer certain matters to Federal and State authorities for further disposition.

My remarks concerning sanctions must not be construed in any threatening sense. The chief value of these rules are the guidance they provide and the deterrent effect they are expected to exert on potential wrongdoers.

Mr. President, these rules are not retroactive in their application in any way. They do not apply to transactions that occurred prior to the effective date. They speak as of their effective date and for the time thereafter.

These new rules give the Senate a new start. They will serve as both guidelines and as deterrents. These rules are clear notice that under no circumstances will one be permitted to use a position in the Senate as Member, officer or staff assistant, deliberately or otherwise, for the enhancement of personal gain at the expense of the public or against public interests.

I hope that Senators and all staff members will become fully familiar with these additions and I know they will all be followed.

TAX ADJUSTMENT ACT OF 1968

The Senate resumed the consideration of the bill (H.R. 15414) to continue the

existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations.

Mr. SMATHERS. Mr. President, I am ready to yield back the remainder of my time.

Mr. MURPHY. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. Mr. President, I yield 2 minutes to the Senator from California.

The ACTING PRESIDENT pro tempore. The Senator from California is recognized for 2 minutes.

Mr. MURPHY. Mr. President, I rise for the purpose of congratulating my colleague from South Dakota [Mr. MUNDT] and join him in this effort, which I think is long overdue.

We have listened for hours to the problems of the war in Vietnam. No one in this Chamber is for war. Everyone is against the war. I know of no one who would not do anything he could to see that it is stopped as quickly as possible; provided, we can stop it with honor and with the achievement of freedom. The lives of those brave men which have already been lost in Southeast Asia should not have been sacrificed in vain. It would be unthinkable.

Mr. President, I find it inconsistent and difficult to understand why some Americans would attempt to make a profit out of trading with the Communist bloc nations which are sending sophisticated weapons to North Vietnam.

I congratulate my esteemed colleague for his attempt to stop such export trading with the enemy. I hope that the amendment will be adopted, and that this will be the beginning of a series of amendments, rules and regulations, which will finally make it impossible for anyone in America to give any help to those countries helping to perpetuate the enemy's war effort at the cost of American lives.

Mr. MUNDT. I thank the Senator from California for his kind remarks.

Mr. President, may I inquire of the Chair as to the state of the time?

The ACTING PRESIDENT pro tempore. The Senator from South Dakota has 6 minutes remaining. The Senator from Florida has 12 minutes remaining.

Mr. MUNDT. Mr. President, I promised the Senator from Minnesota [Mr. MONDALE] that I would make a rejoinder to his opposition to the pending amendment. He is not in the Chamber at the moment, but I wish to vindicate my promise to him.

I rise once again in support of the amendment introduced by myself and my colleague from Virginia [Mr. BYRD]. I might add that I hope the Mundt-Byrd partnership will be as successful this time as we were when this same general subject area—trading with the enemy—was debated and voted upon with respect to Export-Import Bank bill.

As I explained yesterday, this amendment would impose in addition to any other tax already imposed by the Internal Revenue Service, a tax equal to 20 percent of the taxable income of the taxpayer for the taxable year, if that taxpayer engaged in trade with any Communist country which is supplying

material to the Government of North Vietnam.

Mr. President, I have already mentioned the Export-Import Bank bill. What we did there, and what was subsequently endorsed by the House of Representatives and is now the law of the land, was to make it clear that no Government funds could be used in credit transactions to finance exports to countries who are engaged in armed conflict with the United States or any countries who are aiding such countries. In other words, the Government of the United States is not going to be guaranteeing any trade transactions with the same countries that are supplying their North Vietnamese allies with the means to prolong the war and kill more American boys.

This was a significant victory, Mr. President, and the overwhelming vote in favor of the concept of not trading with the enemy was, I believe, representative of the feeling in the country. Unfortunately, much of this trade continues because it does not involve Government financing and because, as incomprehensible as it may sound, private transactions are condoned, even encouraged by the executive branch. As the Senator from Minnesota [Mr. MONDALE] pointed out yesterday, American tools are, in fact, a part of the Fiat factory, through other forms of financing. In other words, certain companies and foundations through their greed for additional profit have decided to do what the Government would not do. This is exactly the problem and I thank the Senator from Minnesota for pointing it out. We cannot prevent them from doing this, although I believe it has been illustrated time and time again that the vast majority of the American people oppose it, unless we place an embargo on all trade, but we can effectively discourage it by making the companies pay for their actions, and that is what this amendment does.

This action by the executive branch and by certain companies, to me, and to many others, does not make sense. Why? First and foremost, because we take our differences with communism seriously, especially in Vietnam. Never before in history have we found it conscionable to trade with the enemy. Today we have more men committed to the defense of free South Vietnam than at any time during the Korean war and some say we will need many more before the strife is over. The ultimate sacrifice has been made by over 23,000 of our fellow citizens. A total in excess of 122,000 men have fallen casualty to Communist-supplied arms in the Vietnam war.

It is little wonder to me that the Communists would question our resolve to carry this conflict to a successful conclusion when we espouse a business-as-usual attitude in our trade policy. Worse, we find this administration assiduously promoting new markets within Communist nations at the very time these adversaries openly brag of "fraternal" support to North Vietnam. What a contrast with our Korean war attitude. Then we drastically cut our exports to the Soviet Union back to zero. Similarly, during the Berlin crisis, trade was sharply restrained, each application for

export being postponed by the Department of Commerce with the explanation that it could not be considered in light of developments arising over tensions in Berlin.

Since the executive branch is unwilling to close the floodgates on this scandalous trade, I believe Congress has the duty to act. Last year I introduced two bills, S. 2098, which would place an embargo on all such exports, and S. 2097, which doubled the customs duties on articles imported from these Communist countries. I still hope these bills are enacted into law. In the meantime, however, we have another opportunity with this amendment to make that trade more difficult.

What we have here today is an amendment that says if you, Mr. Taxpayer, or to be more realistic, Mr. Corporation, want to continue to trade with the Communist countries that are supplying the material necessary for the war in Vietnam to continue, you are going to have to pay for it. If your desire for profits transcends your desire for peace, we are going to make you take another look at your profit-and-loss statement.

This amendment adds 20 percent more on his tax bill. It is a costly penalty—I do not deny that—but Vietnam is no picnic. Neither should it be a bonanza for American war profiteers. Do you not think those boys in service over there would not be willing to pay 20 percent more on their income tax if they could bring the war to an honorable conclusion and come home? You just bet they would.

Mr. President, some may say that this trade is not substantial nor does it have any impact on the war. They have not looked very closely at that trade. They are just too busy looking at their profit reports. Let me give you some examples. Some of these figures I gave you yesterday but I believe they need repeating.

Last year alone, using the time period of January 1, 1967, to December 31, 1967, firms in our country shipped computer parts and related gear to the Soviet Union and other East European Communist bloc countries worth \$3,186,707. Are computers valuable to the Soviets in supplying the North Vietnamese? Yesterday, the Senator from Minnesota spoke of "nonstrategic computers." If nothing else is clear as a result of former Secretary of Defense McNamara's 7½ years in the Pentagon, the fact that we are now in a period of computerized warfare is. The logistics of supplying a nation thousands of miles away with what they need, how best to get it there, the requirements of a specific unit to counterbalance U.S. strength in a given area—these are figures you do not come up with by using a Ouija Board. They have made computers actual armaments of war.

Let us take another example for the same time period. U.S. firms have supplied \$482,273 worth of oil production and drilling equipment. What do they think the North Vietnam tanks, airplanes, and other military vehicles are running on these days? They can move only because Russia and her Communist

satellites are supplying Hanoi with every gallon of petroleum used in the war.

How about items connected with aluminum production? Statistics from the Commerce Department show we traded to the Soviet Union alone last year \$4,695,600 worth of these items. That is a lot of money, and aluminum is a mighty important substance in manufacturing airplanes.

Mr. President, some of these items have to be specifically cleared for export by the executive branch, and unfortunately, they are so cleared more than 98 percent of the time.

There is a substantial additional amount of trade, however, in items that do not even need a clearance. On October 12, 1966, the President authorized removal of over 400 items from the strategic control list. Now our exporters can trade in these items with no restrictions applied at all. And what are they? I will list a few. Diamond drill bits to help the Soviets drill for oil. As I pointed out last summer, this is important because Russian oil drills are good only for shallow wells and they need the American kind to get down deep.

We have also opened the floodgates on various forms of scrap metal. Among these are iron ore mass, aluminum alloy waste and scrap, and other magnesium or magnesium alloy waste and scrap. Does that not bring back memories of Pearl Harbor to many of you with even reasonably long memories.

Also included on this list cleared for trading by President Johnson's Executive action of 1966 was rifle cleaning compounds. If you do not believe it you can look it up on the list. It is export control commodity No. 55430. I placed the whole list of the items which were decontrolled by Presidential action in the RECORD for March 18, 1968. You will find it there starting on page 6816.

We also cleared bandages and surgical dressings, rubber thread and cord, automobile lifts and jacks for automotive vehicles or aircraft by that Presidential action.

We also allow them to ship the Communists shock absorbers, battery separators and other battery parts made of rubber, and spark plugs for aircraft and automobiles.

Mr. President, this covers the first part of our "Tinkers-to-Evers-to-Chance" double play in the deadly conduct of war. Now what about the trade from these Communist nations to North Vietnam? I have already listed the countries. The question was asked yesterday, "What do they supply?" Rumania in particular was the object of the question. The answer is, among other things, oil. Is Hungary involved? Let them supply the answer themselves. Do not take my word for it. I shall come back to that in a moment.

Mr. President, I could go on and on, but I think I have made my point that this trade is substantial and that it is related to the war effort. So we are back to the question of whether or not this trade should be considered in the same category as all other trade. I do not believe it should be.

I believe that if these rich exporters and corporations want to continue with this trade, they should pay for it. Let

them pay an extra 20 percent on all their profits. If they do not want to pay the penalty tax, they can quit trading with our enemies and submit to the Treasury Department a statement, under oath, that they have not been engaged during the taxable year in trade with any Communist country which is supplying material to the Government of North Vietnam.

Mr. President, I invite special attention to a statement in a radio broadcast from Budapest on May 25, 1967, to which I referred a moment ago. I want to quote it, because so much serious thought has been devoted to this very tricky problem by the Senator from Connecticut, the Senator from Florida, and others, as to whether this effort to curtail the shipment of arms is important enough to justify our amendment, or whether because of some technicality in draftsmanship we should avoid recording our judgment on this basic issue.

So, let us take it from the other side, if any Senator feels this issue is not important.

The statement reads as follows:

(Budapest MTI International Service, in English, 9:45 a.m. GMT, May 25, 1967:) In a radio broadcast referring to the visit of Hungarian Defense Minister Lajos Czinege, "The importance of this visit was enhanced by the fact that the weapons protecting Hanoi on that front had been designed by Hungarian engineers and manufactured by Hungarian workers."

Let me point out here that we have American exporters sending ingredients from the United States to Hungary right now so that these Hungarian guns could be more abundantly manufactured.

Continuing:

It was mentioned that the unit using the Hungarian guns was credited with shooting down the 1,000th U.S. plane destroyed over Vietnam and the same unit using the Hungarian guns down 10 other U.S. planes bombing Hanoi on May 19.

Mr. President, as the Senator from California puts it, with the realism for which he is noted and his capacity to see through the fog, are we really going to vote now to encourage or discourage this kind of mercenary madness?

Or, are we going to do something to stop it and move in the direction of curtailing it or do we vote to express our approval of it?

This is not the final answer but it is a constructive start.

In his position paper, the Senator from Minnesota stated that there would be celebrations in the Kremlin if the pending amendment should be adopted.

I can assure the Senate that there will be far greater celebrations somewhere else if the amendment is adopted.

Who will be celebrating the most when we adopt this amendment?

It will be our servicemen in Vietnam who are now being shot at by the guns the Communists are supplying.

You could listen to the celebrations in Khe Sanh and Saigon. You would be able to listen to the rejoicing, the thanks, the gratitude, and the pious prayers of appreciation which will emanate from every battle encampment in every village, city, and field in which the American Army is located in South Vietnam, because these men are the targets of the end result of

this unprecedented American policy of trading with the enemy which, understandably, has never before prevailed in American history in any other war.

That is where the celebrations will take place, Mr. President, and not in the Kremlin.

Another statement we hear so often is that it would hurt our balance of payments. Exactly and precisely. About \$50 or \$70 million in the balance of payments is coming our way in trading with the Communists. But I want Senators to know that that is not a balance of payments being paid in Russian gold. That is a balance of payments being paid in American blood, by our boys who are being shot, maimed, and killed in increasing numbers while the administration cries, "Give us more men to go to Vietnam." The administration states to chambers of commerce, labor unions, and to others, "Ship more goods to the Communist countries who are supplying the guns which kill our men and we will provide more men to take their places."

Mr. President, how any rational person believes that he can sell the world that we are serious about this war, with that kind of self-defeating, indefensible, inconsistent policy, I simply cannot comprehend.

How do we ever expect to convince the Communists that we are seriously interested in winning the war? How can we explain to the enemy in Hanoi, or to the mothers and fathers of our boys already in Vietnam, and those who are about to be drafted, that we really should get on with finishing the war but we would like to make a few fast bucks on the side which will not even be subject to an extra war profiteering tax?

Accordingly, I am not worried about that balance-of-payments argument, because it is being paid for in American blood. To that kind of repayment I do not subscribe.

The ACTING PRESIDENT pro tempore. All time on the amendment has now expired.

Mr. MUNDT. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The question now is on agreeing to the Mundt-Byrd amendment, as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Maryland [Mr. BREWSTER], the Senator from Pennsylvania [Mr. CLARK], the Senator from Alaska [Mr. GRUENING], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana

[Mr. MANSFIELD], the Senator from Minnesota [Mr. McCARTHY], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I also announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Missouri [Mr. LONG] are absent on official business.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. CLARK], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], and the Senators from Rhode Island [Mr. PASTORE and Mr. PELL] would each vote "nay."

On this vote, the Senator from South Carolina [Mr. HOLLINGS] is paired with the Senator from Maryland [Mr. BREWSTER]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Maryland would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from Arizona [Mr. FANNIN] are necessarily absent.

The Senator from Kentucky [Mr. BAKER] is detained on official business.

If present and voting, the Senator from Kansas [Mr. CARLSON] and the Senator from Arizona [Mr. FANNIN] would each vote "yea."

The result was announced—yeas 38, nays 44, as follows:

[No. 85 Leg.]

YEAS—38

Allott	Fong	Mundt
Anderson	Hansen	Murphy
Bayh	Hartke	Randolph
Bennett	Hickenlooper	Ribicoff
Bible	Hill	Russell
Byrd, Va.	Hruska	Smith
Byrd, W. Va.	Jordan, N.C.	Spong
Cannon	Long, La.	Stennis
Cotton	Magnuson	Talmadge
Curtis	McClellan	Thurmond
Dominick	McGovern	Tower
Eastland	Miller	Young, N. Dak.
Ervin	Montoya	

NAYS—44

Alken	Hayden	Muskie
Bartlett	Holland	Nelson
Boggs	Inouye	Pearson
Brooke	Jackson	Percy
Burdick	Javits	Proxmire
Case	Jordan, Idaho	Scott
Church	Kuchel	Smathers
Cooper	McGee	Symington
Dodd	McIntyre	Tydings
Ellender	Metcalfe	Williams, N.J.
Gore	Mondale	Williams, Del.
Griffin	Monroney	Yarborough
Harris	Morse	Young, Ohio
Hart	Morton	
Hatfield	Moss	

NOT VOTING—18

Baker	Fulbright	Long, Mo.
Brewster	Gruening	Mansfield
Carlson	Hollings	McCarthy
Clark	Kennedy, Mass.	Pastore
Dirksen	Kennedy, N.Y.	Pell
Fannin	Lausche	Sparkman

So Mr. MUNDT's amendment was rejected.

I WEEP FOR MY COUNTRY

Mrs. SMITH. Mr. President, I am going to read into the RECORD a letter I wish very much for Senators to hear. Yesterday I received a letter from a

woman in Maine that moved me very deeply. She is the mother of a young Marine Corps officer recently killed in Vietnam. She is a woman of obvious capability, as she is a practicing registered pharmacist. She is a woman of obvious intelligence and reasoned judgment.

She is a woman who has had the courage to speak up and to say the things that I am sure millions of Americans deeply feel.

She wrote:

Last night, Senator Smith, I wept for my country. I weep for those who have gone but most of all I weep for my country. It is sick, very sick I am afraid.

She is Mrs. Dorothy M. Dickinson, of Patten, Maine. I so thoroughly share her expression that I want to read her letter to the Senate, for she so magnificently says what should be said time and again throughout this country. Tragically, I have not heard any presidential candidate say what she has said.

Frankly, our country is desperately in need of a presidential candidate who will speak out against the moral decadence, the degeneration of softness and selfishness too prevalent among our people—and yes, the growing defeatism of a once proud and self-reliant citizenry.

I read her letter:

MARCH 23, 1968.

HON. MARGARET CHASE SMITH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SMITH: Last evening as is our custom when time permits my husband and I turned on our television set to listen and watch *The Huntley-Brinkley Report*.

Much to our disgust and consternation the report showed "The Establishment" meaning the United States Government, hiring "hippies" in the Post Office at San Francisco.

Now we are not against the showing of this event on television but we are shocked almost beyond belief to think that the United States Government is hiring young men and women who are known users of drugs to work in any of its departments. They were shown smoking "pot" while delivering the mail; they were dressed sloppily, dirty and unkempt.

I have a friend employed in our local post office; she is required to wear a uniform. Why are these employees exempt?

I understand that the excuse the government gives for hiring them is because they are at the top of the civil service rolls in intelligence. Should high intelligence be the only factor considered?

Why are these men who appear to be of draft age not in the armed forces? If they are not usable by these services why should they be used in responsible positions in handling our mail?

Senator Smith, I am not ignorant of the proper use nor of the abuse of drugs. I am a practicing registered pharmacist. I am well aware of the great dangers involved in the use and abuse of drugs. These people need help but this is not the kind of help they need.

My husband and I just buried our only son last month in Arlington National Cemetery. He was an enlisted man who became a Lance Corporal and later received his commission as a second lieutenant in the United States Marine Corps. He served his country proudly and with honor.

While he served and died and many others like him served and died in Vietnam his country allowed known law-breakers to handle his mail and that of his buddies. Perhaps that is why he never received the Christmas tree and gifts we sent him. (In

all fairness he did receive a Red-Cross box and some of his gifts.)

I am not bitter. I shall not allow myself ever to become bitter—bitterness and hatred only destroy the one who indulges in those practices. I have wept for my son; I have wept for his friends but last night, Senator Smith, I wept for my country.

Please tell me is this type of thing common practice? Why is it allowed?

There must be honest, clean, law abiding, black, yellow or white citizens in San Francisco much more worthy to serve their government than these selfish people who admittedly care only for their own immediate pleasure; who daily endanger the unborn, break our laws and live in filth.

I believe in free speech, I believe in personal freedom, but when my speech or my expression of personal freedom infringes upon or takes away another's rights then I do not call it freedom. I expect the same treatment from my fellowman.

I believe that the United States Government in condoning this type of behavior is asking for much more internal revolt than it has already experienced.

It is time, Senator Smith, for us, the quiet people, the average citizen; the ones who bear a large share of the tax load, who have given our most cherished possessions—our sons—to speak out and to be heard. Nor is this last circumstance a necessary reason; it only underlines the necessity.

Our personal tragedy is almost unendurable but this insult from the government he fought and died for is unforgivable.

No, my husband and I will do nothing drastic, we shall go on as before, paying our taxes, voting, participating in civic affairs, but we shall do much thinking, much questioning.

Senator Smith, I weep for the many fine young men and women of our land and there are many. I weep for those who have gone but most of all I weep for my country. It is sick, very sick, I am afraid.

Most respectfully,

DOROTHY M. DICKINSON.

SECRETARY RUSK TO EXPLAIN TO EDITORS AND BROADCASTERS THE REASON FOR OUR EXCELLENT PROGRESS IN THE WORLD

Mr. HARTKE. Mr. President, my attention has been called to a program which the Department of State is offering to editors and broadcasters.

On April 15 and 16, 1968, the Department is hauling out its big wheels to give editors and broadcasters "for background only," the Department's views of why we are doing so well in the world. Secretary Rusk will address the conference, presumably impressing the assemblage with our recent victories in Vietnam. Then the Administrator of AID will explain how well goes the aid program. I presume Mr. Eugene Rostow, Under Secretary of State for Political Affairs, will jump into the fray as he did last week in New Hampshire, pointing out that the critics of our policies in Vietnam have not yet defined an alternative policy for Vietnam.

I have no objection to giving background to such editors and broadcasters as will attend the 2-day conference, complete with a 1½-hour reception. Indeed, I suspect these editors and broadcasters, being canny by trait, may get the idea that they are being given the treatment.

I would hope that some of them will find time to talk with critics of American policy because we now have a situation

in which Government funds are being used in efforts to brainwash the press.

If the administration wished to be candid in presentations of this kind, it would surely invite some of the administration critics to share in these briefings.

I would be glad to suggest a more balanced program if it were desired by the editors, by the broadcasters, or even by the administration itself.

I ask unanimous consent to insert in the RECORD at this point the provisional program for the U.S. Department of State sponsored National Foreign Policy Conference for Editors and Broadcasters and an article by Bernard Gwertzman, of March 23, 1968, published in the Evening Star, entitled "Rusk Aide Jumps Into Fray, Challenges Vietnam Critics."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF STATE NATIONAL FOREIGN POLICY CONFERENCE FOR EDITORS AND BROADCASTERS, APRIL 15-16, 1968

PROVISIONAL PROGRAM¹

Conference registration will begin at 8:00 a.m. Monday, April 15, in the lobby of the West Auditorium, Twenty-third Street between C and D Streets, N.W. The conference will convene promptly at 9:00 a.m. and you are urged to allow ample time for registration.

Secretary Rusk will address the conference. Among other senior Departmental officers expected to participate in plenary sessions are: William S. Gaud, Administrator, Agency for International Development; Eugene V. Rostow, Under Secretary of State for Political Affairs; Charles E. Bohlen, Deputy Under Secretary of State for Political Affairs; William P. Bundy, Assistant Secretary of State for East Asian and Pacific Affairs; Henry D. Owen, Chairman, Policy Planning Council; Sol M. Linowitz, U.S. Representative to the Organization of American States.

Other members of the Department will participate in concurrent panels from 2:00-4:00 p.m. Monday, April 15. Topics include: Middle East Problems; Africa; Mainland China; Treaty on Nonproliferation of Nuclear Weapons; The Operations Center of the Department of State.

Secretary Rusk's reception for conference guests will be held Monday evening, 5:30 to 7:00 p.m. on the eighth floor of the Department.

The luncheon intermission on Monday, April 15, is scheduled from 12:15 to 2:00 p.m. A half-day session will be held on Tuesday ending at about 12:00 noon.

Unless otherwise announced, all conference sessions will be on background only.

[From the Washington (D.C.) Star, Mar. 23, 1968]

RUSK AIDE JUMPS INTO FRAY, CHALLENGES VIETNAM CRITICS

(By Bernard Gwertzman)

Eugene V. Rostow, the No. 3 man in the State Department, says President Johnson's political opponents have failed to come up with a workable alternative to the administration's Vietnam policy.

In the most openly political speech made by a State Department official in years, Rostow said that during the election campaign "the American people will see through verbal formulas, or vague programs which pretend to be alternatives."

"The critics of the administration have not yet succeeded in defining an alternative

to our policy in Vietnam," Rostow, under-secretary of state for political affairs, said last night in a speech before the Manchester, N.H., Chamber of Commerce.

After listing and downgrading proposals made by Sen. Robert F. Kennedy, D-N.Y., without mentioning Kennedy by name, Rostow said:

"The plain fact is that Hanoi is not ready to negotiate, save perhaps to preside at our ritual surrender. These are the facts which every American voter should consider very carefully in the months ahead."

The State Department, under Secretary of State Dean Rusk, in the past has shunned direct political involvement, preferring to stick to the issues wherever possible. Rusk went out of his way during the 1964 presidential campaign to avoid controversy, but did on occasion take slaps at what he called efforts by Barry Goldwater, the Republican presidential nominee, to change the direction of American foreign policy.

This year, with Vietnam a major issue, it is perhaps inevitable that department officials will be drawn into the fight, although as recently as last Tuesday, Robert J. McCloskey, the State Department spokesman, said:

"I would hope and expect that as a matter of policy throughout this year we would not be commenting on statements which are made during the political campaign."

Rostow, the older brother of Walt W. Rostow, the President's chief foreign policy assistant, said the coming election "is one of the most important in a generation."

He said it would be dominated by "two immense issues, each central to our history, and to our fate."

One, he said, is the challenge to make good promises of equality to the Negro and the other is foreign policy and, particularly, U.S. policy in Vietnam.

"The issue of foreign policy we are facing in the election, make no mistake about it, is not alone our policies in Vietnam, but whether we continue on the path we have followed since the war, or seek once more to retreat into the isolationism of the 19th Century, as we did in 1920."

Linking the "two dominant issues," Rostow said "we are involved today in Vietnam, as in our cities, because commitments we made, in quieter times, are being put to the test."

"We made a commitment to give our Negro citizens true equality—we cannot now give up on that commitment because its fulfillment is difficult, more difficult perhaps than many may have expected."

"We have made commitments to our friends in the world, first in Europe, then in Asia, to help them resist aggression."

"I propose to you that we cannot now give up those commitments—made with open eyes and with the support of both political parties, representing an overwhelming majority of our people—because they too are more difficult than we may have hoped they would be," Rostow said.

In the section which discussed, indirectly, Kennedy's proposals, Rostow said, "Save for the few who frankly advocate surrender, and others who would support a major expansion of our military effort, it is impossible on analysis to discover in what respects policy of firmness and restraint."

TAX ADJUSTMENT ACT OF 1968

The Senate resumed the consideration of the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations.

Mr. HARTKE. Mr. President, I should

like to have the attention of the manager of the bill, the chairman of the Committee on Finance, for just a moment.

A number of quota measures are pending before the Senate. One concerns the quotas on steel and was introduced by myself and the principal cosponsor, the Senator from Illinois [Mr. DIRKSEN] and 40-some other U.S. Senators.

I have discussed this matter with the minority leader and it is his opinion that the better part of procedure would be to have a measure of this kind pass through orderly hearings in the Finance Committee.

I agree with that procedure and think it should be followed. I wonder if I may have the assurance of the chairman of the Committee on Finance that, within a reasonable length of time, hearings could be held on the steel quota measure and such appropriate action be taken as the Committee on Finance deems appropriate at that time.

Mr. LONG of Louisiana. Mr. President, I am sure that the minority leader has made a statement similar to that made by the Senator from Indiana. While I have not seen the statements, I would agree that we should hold hearings on these proposals to limit certain imports into our country, particularly imports which compete with products made by domestic industries such as steel that are being severely injured as a result. I am personally very much interested in the problems raised by imports of petroleum products.

I assure the Senator that we will conduct hearings on the question of limiting imports during this session of Congress, and I hope in time that the committee's judgment can be offered to the Senate in the form of amendments to appropriate legislation originating in the House. As the Senator knows, such legislation would have to be offered as an amendment to a House-passed bill.

Mr. HARTKE. I understand that. I thank the chairman of the Finance Committee. And, with that assurance, it is not my intention to call up the steel quota measure unless other quota measures are adopted and in that event, I might change my position.

Mr. LONG of Louisiana. I assure the Senator that his chances of prevailing with his amendment will be better if he proceeds in the fashion he has just mentioned.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. JAVITS. Mr. President, I am against the Senator's amendment, as I was against the Hollings amendment.

I say to my colleagues and to my friend, the Senator from Indiana, as well, that I am very pleased he has made the decision he has. I think the incalculable effects upon the country, even if the amendment is agreed to, would be so much less if it were agreed to after at least the considered judgment of a Senate committee and after debate instead of being agreed to in such an atmosphere, with the matter being brought up on yesterday and agreed to in an hour's time, even though it would be in-

¹ The program is tentative and subject to change. A final program will be issued at the time of the conference.

voked everywhere in the world as if it represented a departure from U.S. policy by the U.S. Senate and as if it had exactly the same consideration which the Senator so thoughtfully wishes his amendment to receive.

So I say, as the Senator knows, I am against it, but I am pleased that he sees the value to the country of doing what he is doing.

Mr. HARTKE. I thank the Senator from New York.

Mr. LONG of Louisiana. Mr. President, I hope that we might get on with this bill because the law which sets the existing excise tax rates on automobiles and telephone service expires at the end of this week and the bill still has to be discussed in conference. I have discussed this matter with some of the leaders on the other side of the aisle and some of those on this side of the aisle. I hope that we may obtain a limitation on debate, at least with respect to amendments offered to the Williams-Smathers substitute, reserving the right, of course, to Senators to offer any amendments they wish and to speak for any length of time they wish with regard to amendments offered to the bill itself. I believe it would help if we could have an agreement.

So, Mr. President, I ask unanimous consent that, with the exception of an amendment to be offered by the Senator from New York [Mr. JAVITS], which will require 2 hours, that debate on all amendments to the Williams-Smathers substitute be limited to 1 hour, the time to be equally divided between the sponsor of the amendment and the manager of the bill.

Mr. JAVITS. Mr. President, reserving the right to object—and I hope I will not have to object—I should like to ask the Senator a question, which he really should explain.

In the event that there is no limitation upon the Williams-Smathers amendment, why should we accept limitations? Limitations are always prejudicial to the movant, and they are only justified if they serve the purposes of the country in accelerating action. I wish to do that.

I believe the Senator is correct. This matter should be ended tomorrow night at the latest. But if there is no limitation on the Williams-Smathers substitute, this matter can go on for 3 weeks. Why should we accept limitations when they do not?

Mr. LONG of Louisiana. Mr. President, some Senators who favor the Williams-Smathers substitute might desire to offer amendments that would include some part of the Williams-Smathers substitute in the event that that substitute should fail. They might wish to offer such amendments to the bill. In view of that, they would feel that their rights had been prejudiced if they did not reserve the right to offer some amendments that they might wish to offer if the Williams-Smathers substitute is not agreed to.

Mr. JAVITS. That does not answer my question. I still reserve the right to object.

I know that if there is a failure of the Williams-Smathers substitute, then any amendments can be offered to the bill,

and there are no limitations on time. I do not understand why the Senator wishes to limit all amendments to the substitute but does not wish to limit time on the substitute. This puzzles me. How are we accelerating anything if time on the substitute is not limited?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. WILLIAMS of Delaware. It was my understanding that the limitation was to apply to any amendments offered to the substitute, and that after the amendments were completed, there would be a similar time limit on the substitute itself, with a half hour to each side.

Mr. JAVITS. Let us have that package. That makes sense.

Mr. WILLIAMS of Delaware. And then, in the event that the substitute was agreed to, that would be all; but if the substitute was not agreed to, the bill would be open to further amendment.

Mr. LONG of Louisiana. Mr. President, I will amend the request to provide that there then be 4 hours on the substitute, to be equally divided, half the time to be controlled by the Senator from Delaware and half to be controlled by the manager of the bill.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. RANDOLPH. Mr. President, reserving the right to object, I have attempted to hear the discussion. It has been somewhat difficult, and I am not critical, but with movement in the Senate, we do not always hear.

It is my intention to offer an amendment to delete section 23, which is the Williams-Smathers proposal as it affects the broad spectrum of public works projects. I should like to know exactly what the Senator has in mind.

Mr. LONG of Louisiana. Mr. President, I assure the Senator that if I am present during the time the matter is under consideration, we will not permit his rights to be prejudiced in any respect. We will maintain a parliamentary situation in which he can offer his amendments.

Mr. WILLIAMS of Delaware. Mr. President, I join the chairman of the committee in giving that assurance to the Senator from West Virginia, even though I shall oppose the amendment. I shall see that the Senator from West Virginia has an opportunity to offer it before third reading.

The ACTING PRESIDENT pro tempore. The Senate will be in order.

Mr. PROXMIER. Mr. President, reserving the right to object, I ask the manager of the bill whether it is possible to permit me to have a half hour to speak in opposition to the Williams-Smathers substitute.

Mr. LONG of Louisiana. I had that in mind when I made the request for 2 hours.

Mr. JAVITS. Mr. President, reserving the right to object, I understand that it is the disposition of the manager of the bill that if amendments to the substitute are adopted which are relevant to the bill, and if the substitute is rejected, he will then accept the amendments to the bill?

Mr. LONG of Louisiana. Yes.

The ACTING PRESIDENT pro tempore. May the Chair understand the unanimous-consent agreement.

The Senator from Louisiana has proposed a unanimous-consent agreement, as modified, and as further modified by the Senator from Wisconsin, and as further modified by the Senator from New York. Is there objection? The Chair hears none, and it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

Ordered, That, during the further consideration of the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations, debate on any amendment (except one amendment by the Senator from New York [Mr. JAVITS], which shall be limited to two hours), to the substitute amendment (No. 662), motion, or appeal, except a motion to lay on the table, shall be limited to one hour, to be equally divided and controlled by the mover of any such amendment or motion and the manager of the bill or a Senator designated by him:

Ordered further, That debate on the substitute amendment shall be limited to four hours, to be equally divided and controlled by the Senator from Louisiana [Mr. LONG] and the Senator from Delaware [Mr. WILLIAMS].

Mr. MAGNUSON. Mr. President, I submit an amendment to the Williams-Smathers substitute, and I ask that it lie on the table. I will write it out. It is as follows:

On page 4, line 12, after the word "highways" and before the parenthesis mark, add "forest road and trail funds."

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Washington will be received and printed, and will lie on the table.

Mr. MAGNUSON. I will bring it up at the time of the discussion of the amendment of the Senator from Virginia or others.

The Senator from Delaware is of the opinion that this would be included, anyway. But I wish to be sure, and I hope he will accept it, because someone might interpret the measure to cut the forest road and trail funds. In the 1969 budget we have suggested only \$22 million for the entire country. But it is necessary to bring into the Treasury the Federal timber receipts which amount to almost \$200 million. If this is not included in the Williams-Smathers substitute, by interpretation—the Senator did not intend to affect this section—we might be defeating our own purpose, because we would not be able to get that timber out with the Government sales. It is estimated that next year it will amount to \$200 million.

Mr. RIBICOFF. Mr. President, on behalf of myself and Senators DODD, CLARK, KUCHEL, MURPHY, NELSON, PROXMIER, PERCY, RANDOLPH, and WILLIAMS of New Jersey, I offer an amendment to the pending substitute amendment of the Senator from Delaware.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the amendment insert the following:

"SEC. 14. INDUSTRIAL DEVELOPMENT BONDS

"(a) Section 103 of the Internal Revenue Code of 1954 (relating to interest on certain governmental obligations) is amended by relettering subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) INDUSTRIAL DEVELOPMENT BONDS.—

"(1) SUBSECTION (A) (1) NOT TO APPLY.—Any industrial development bond (as defined in paragraph (2)) issued after August 1, 1968, shall not be considered an obligation described in subsection (a) (1).

"(2) INDUSTRIAL DEVELOPMENT BONDS DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term "industrial development bond" means an obligation the payment of the principal or interest on which is—

"(i) secured in whole or in part by a lien, mortgage, pledge, or other security interest in property of a character subject to the allowance for depreciation, or

"(ii) secured in whole or in part by an interest in (or to be derived primarily from) payments to be made in respect of money or property of a character subject to the allowance for depreciation

which is or will be used, under a lease, sale or loan arrangement, for industrial or commercial purposes.

"(B) EXCEPTIONS.—For purposes of subparagraph (A), property shall not be treated as used for industrial or commercial purposes if it is used—

"(i) to provide entertainment (including sporting events) or recreational facilities for the general public;

"(ii) to provide facilities for the holding of a convention, trade show, or similar event;

"(iii) as an airport, flight training facilities, dock, wharf, grain storage facility, parking facility, or similar transportation facility;

"(iv) in the furnishing or sale of electric energy, gas, water, sewage or solid waste disposal services or air or water pollution abatement facilities; or

"(v) in an active trade or business owned and operated by any organization described in subsection (a) (1)."

"(b) The amendment made by subsection (a) shall apply with respect to taxable years ending after August 1, 1968."

Mr. RIBICOFF. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. LONG of Louisiana. Mr. President, I have discussed this amendment with the Senators who wish to speak for and against it. I believe they would be agreeable that we further limit debate on this amendment to one-half hour, 15 minutes under the control of the Senator from Connecticut.

Mr. MONRONEY. Mr. President, reserving the right to object, I thought we had agreed on 30 minutes to each side.

Mr. LONG of Louisiana. I withdraw that request, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut is recognized. How much time does the Senator yield to himself?

Mr. RIBICOFF. Mr. President, I yield myself 5 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut is recognized for 5 minutes.

Mr. RIBICOFF. Mr. President, I agree completely with the sentiments expressed by the National Association of Counties which stated that if we permit the unchecked issuance of industrial development bonds, our action would have to be labeled as "irresponsible." The National Association of Counties pointed out that the use of these bonds "poses a disastrous threat to the entire State and local government bond market" and "the question as to whether this crisis should be handled by the administrative or legislative route should not be allowed to avoid the fact that corrective action must be taken now."

There is a great deal of confusion and misunderstanding surrounding the nature of industrial development bonds: what they are, what they do, and why they are used. When we are dealing with matters of this gravity, I think it is essential that we correct the record so that no one will be misled into thinking that industrial development bonds are somehow a boon to his State; that they somehow encourage industry to locate where it would not otherwise locate, or encourage industry to create new plants and jobs that would not otherwise have been created. None of these arguments is true. It is vital that the fallacy underlying the use of these bonds be clearly understood—that the adverse effects that these bonds have on all State and local governments, large and small, rural and urban, be taken into consideration.

Industrial development bonds are really debt obligations of private corporations. In most cases, they are issued entirely on the credit of the private corporation. That credit standing of the issuing community is not the slightest bit involved in the ability of the corporation to secure a lower interest rate for their corporate bonds. In truth, industrial development bonds are nothing but a device or gimmick for allowing industrial corporations to claim the benefit of the lower interest rate attributable to the Federal tax exemption of interest on State and local government obligations.

The perpetuation and growing use of this device places our small towns, our rural communities, and our underdeveloped areas, into direct competition for funds with United States Steel, Good-year, Firestone, Litton Industries, and other corporate giants. The growing volume of corporate tax exempt bonds floated by our major corporations directly threatens the ability of these towns, of these counties, and of all our States throughout the country to borrow at reasonable rates to finance their needed governmental facilities.

The tax exemption of State and local government bonds was originally intended to help our State and local governments meet these needs at the lowest possible cost. The Federal tax exemption

was not intended to permit United States Steel, Armco Steel, and other major corporations to gain tax advantages at the expense of other taxpayers. It was not intended to permit such private corporations to drain investment funds away from schools, hospitals, roads, and other public facilities. In short, it was not intended as a method of permitting corporations to finance corporate facilities on a tax-exempt basis.

In view of the disastrous effects that the billions of dollars worth of corporate tax exempt bonds have had on the municipal bond market, one may properly question why State and local governments have found it appropriate to authorize this practice. The answer is simple. It started as a method of attracting industry. Other States adopted the practice in self-defense. Today more than 40 States authorize such bonds. As a consequence, in today's world having authority to issue industrial development bonds does not help to attract industry to any particular State. Corporate executives know that almost anywhere they desire to locate in the country they can demand, as a matter of right, the aid of a local government in obtaining tax-exempt financing. The question today is not one of attracting industry. Instead, it is one of losing industry because a State does not authorize a gimmick available in a neighboring State. When all 50 States have authorized this practice there will not be the slightest scintilla of advantage to be gained by one State over another State. But even then, the practice will not be stopped. Not using the bonds will always place a State at a disadvantage vis a vis a neighbor who does use them. It is for this reason that even though responsible State and local government leaders recognize that the use of these bonds represents a self-perpetuating evil, at the same time, those leaders recognize that the States themselves cannot deal with this problem on an individual basis.

It has also been incorrectly suggested that the use of industrial development bonds is somehow responsible for creating jobs and creating new industry that would not otherwise have existed. Nothing could be further from the truth.

A corporation does not decide to expand because a financing gimmick is available. A corporation expands because there is a market for its products and because it considers expansion feasible. Only then does the question of whether to use a financing gimmick arise. There is absolutely no evidence to support the proposition that these corporations would not have expanded, that new facilities would not have been built and that new jobs would not have been created because our major corporations are unable to save a point and a half in interest on their borrowings for plant expansion. This proposition is simply untrue.

The PRESIDING OFFICER (Mr. BAYH in the chair). The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that I may proceed for 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, many corporate executives frankly admit that they do not like industrial development financing. They consider it an unethical practice. However, they will also point out that as long as this practice is available they owe it to their shareholders to use it. What this means is that plants would be built and jobs would be created irrespective of whether industrial development bond financing is available or not. However, it also means that we will soon see most corporate bonds issued on a tax-exempt basis.

This is not theory; it is fact. A fact that is fully substantiated by the evidence. Over \$500 million of these bonds were issued in 1966. Over \$1.4 billion new issues were sold in 1967. At the end of last month over \$2 billion issues were being prepared for sale. On March 14 alone over \$200 million of these bonds were issued.

The issue is clearly not one of new jobs. If it were I do not think we would find the AFL-CIO strongly objecting to the continued use of industrial development bond financing. It is not a question of rural versus urban areas, or underdeveloped communities versus highly developed or industrialized communities. If such were the case we would not find the National Association of Counties going on record as declaring that Congress would be "irresponsible" if it permitted the unchecked continuation of these bonds. Similarly, I feel certain that if either jobs or underdeveloped areas were really at issue the clear majority of the members of the Advisory Commission on Intergovernmental Relations—a group representing a broad cross-section of State, local and Federal officials—would not be demanding action to end this practice.

What is at issue is a practice which historically—when it was used by only a handful of States—may have had some influence on plant locations. Today this practice has become so widespread that it has little influence on where a plant is located and no influence on whether plant expansion will take place and new jobs will be created. This practice has generated a self-perpetuating situation that threatens to undermine the tax-exempt bond market and impair the ability of all States, both rich and poor, both industrialized and non-industrialized to finance their local governmental needs. The continuation of these bonds is a gross waste of both Federal and State resources. It will necessarily lead to higher local taxes in order to generate revenue to pay the higher interest costs on State and local government bonds issued for schools, roads, hospitals, and other governmental purposes. It will also lead to higher Federal taxes to replace the Federal revenue lost.

Yesterday's vote said that the Congress, not Treasury, should act. Today I propose that we take that action. Anyone who takes the trouble to examine the true factual situation dispassionately must come to the conclusion that the use of these bonds represents an unwarranted distortion of the tax-exempt borrowing power accorded our States and local governments. Continuation of these bonds will not help needy States.

It will work against the best interests of all States and all local governments. To this end I propose that the present bill be amended to add a new section to provide that, industrial developments bonds issued after August 1, shall be taxed in the same manner as all other corporate bonds.

Mr. GORE. Mr. President, will the Senator yield?

Mr. RIBICOFF. I am pleased to yield to the distinguished Senator from Tennessee.

Mr. GORE. Mr. President, the Senator has made a very able argument. I wonder if the Senator would address his attention to one additional untoward feature, and that is a great increase in the possibility of rich taxpayers having large incomes without tax liability.

Mr. RIBICOFF. I think the Senator is absolutely correct. That is what is happening. Today the exemption does not benefit a community; it benefits some of our largest corporate giants and taxpayers. They are using this exemption to build new plants which are operated in competition with those taxpayers who do not have the advantage, and as a consequence, they are receiving a tax boon.

Mr. GORE. Does not the provision afford individuals with the financial resources the opportunity to invest in securities really backed by the largest corporations in the country and yet receive complete tax exemption on the income derived therefrom?

Mr. RIBICOFF. The Senator is correct.

When one realizes the fantastic growth—\$1.3 billion of these bonds were sold in 1967 and \$2 billion were being prepared—it is apparent this is what is happening.

I have before me an advertisement which was published in the Washington Post recently. The headline is "Tax Free Income: 5.50 Percent." The advertisement reads in part:

We're always glad to come to the aid of investors who find their tax bite too sharp for comfort. We suggest your consideration of the advantages of Tax-Exempt Municipal Bonds.

We offer, subject to prior sale, Tax-Exempt Revenue Bonds secured by a major American corporation. The bonds are rated Baa by Moody, and have a 5.70% coupon, priced to yield approximately 5.50% tax-free income.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. RIBICOFF. I yield.

Mr. GORE. Every person who works and draws a little wage on Friday afternoon must pay his share of the taxes. I hear speeches in this Chamber about the need for tax reform, and about the need for equity in carrying the burden of the Government. Yet Senators rise in this Chamber and in the name of the little people they support a measure which makes it possible for many people with incomes of a million dollars a year to pay no taxes at all.

Mr. RIBICOFF. There is no Senator who is better advised of the situation than the distinguished Senator from Tennessee, whose knowledge on the subject is second to none.

Mr. MONRONEY. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. MONRONEY. Mr. President, I would be a little more inclined to vote for the measure if I did not read about the giant stadiums, recreation facilities, trade shows, fairs, conventions, travel and similar transportation facilities, electric energy, gas, water, and sewer facilities, bonds for all of which are issued on a tax-exempt basis as far as Federal funds are concerned.

What is being stricken from the bill is not what the proponents of the measure say. There is being stricken a chance for small States and small communities, by a vote of the people, to issue revenue bonds. These revenue bonds do aid the municipality and the city and they sell at a lower interest rate than if they were taxable by the Federal Government.

However, the intelligent communities then, in building these structures, are able to secure an economic advantage. They gain a little bit perhaps, in that they are public bonds, by being able to borrow at two or three points cheaper than if the bonds were taxable.

Nobody is giving anything away to the giant corporation, any more than anything is given to the Washington Redskins if you build a stadium. That is a nice, private little organization that makes hundreds of thousands of dollars.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. Mr. President, I respectfully challenge the Senator's statement.

The practice does give tax exemption for the benefit of many of the largest corporations in the country.

Mr. MONRONEY. It does not give tax exemptions to the kind of bonds we are talking about here, and that would be denied also by the Treasury Department. I spent a great deal of time discussing the matter with officials of the Treasury Department.

These are exemptions on local bonds issued by governmental bodies. This tax exemption flows to them and gives them the lower rate of interest and, therefore, they can rent to American Airlines a little bit cheaper than if they had to pay the tax on it. They can bargain with a small manufacturer to come in on the basis that they will build a plant and charge them an economic rent based on their cost. This does help to get industry into the Senator's home State of Tennessee and would help to get other industries into other States which are having a hard time.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. GORE. There may have been a time when a few States indulging in this practice had an advantage, but now that the practice has spread to 42 States and is indulged in by corporations as large as United States Steel, there is no longer an advantage. It is now a tax loophole.

Mr. MONRONEY. I will say to the distinguished Senator that we would have had no chance in Oklahoma. He would have had no chance in Tennessee, perhaps, in some of his counties, at least, ever to attract an industry unless he had this revenue bond law in practice to have

the bonds offered at a lower rate of interest than they otherwise would be. All States, even small States like Tennessee and Oklahoma, do have an equal opportunity to offer which we have not had before. The insurance companies in Connecticut are never interested in building factories or plants in Oklahoma. They are not interested in building housing out there. They are not interested in doing anything like that. Even the new types of housing that we are trying to encourage by private investment for low-income housing cannot be financed under this bill unless it is publicly operated—I repeat, publicly operated. This drives the housing program into public housing when all the sociologists I know of are trying to put it in the field of private housing. But we cannot possibly do it because the bill will prevent it.

The bill proposes to build a hangar on a fine airport to lease to Delta Airlines, say; but what are we going to do? Sell a piece of that airport to a factory that wants housing, to overhaul its plant and create employment? What are we going to do when we have a municipal facility that is of service to all the people, such as an airport? We cannot build a plant for them, or design it for them, because the municipality owns the land. They must issue the bonds, which are federally tax exempt, but there is nothing to exempt American Airlines, Braniff, or any others. There is nothing in a fine airport to permit here the issuing of revenue bonds for the building of an air terminal. This includes only the airport.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. GORE. The Senator has asked two very good questions that deserve an answer. With respect to the advantage that his State or mine, or any other, might have had, the answer is that it is past, because now 42 States are practicing this tax gimmick, and if it remains the law I daresay that 50 States will soon be so doing. So we are all, then, even. It provides no advantage. It is available to all.

Now, second, the Senator asked—

Mr. MONRONEY. Mr. President, will the Senator from Tennessee yield at that point? Will the Senator let me respond to his first answer? I am very short of time for this colloquy. Or would the Senator from Connecticut [Mr. RIBICOFF] yield some time to the Senator from Tennessee?

Mr. RIBICOFF. Mr. President, I yield as much time to the Senator from Tennessee [Mr. GORE] as he may need.

The PRESIDING OFFICER. The Senator from Tennessee may proceed.

Mr. GORE. The Senator asks what I would do about Delta Airlines wanting to build a hangar, or American Airlines wanting to build an office building. I would let Delta and American build the hangar and the office building. I would not transfer to them the tax exemption that we provide to the counties and the towns which need that avenue of revenue in order to be able to build schools, hospitals, and other public facilities. What we are doing here is setting up the big private corporation with a tax exemption for its facilities, in competition with the small as well as the large community needs in our counties and States.

Mr. MONRONEY. Mr. President, on my time now—[laughter]—the Senator well knows that it is pretty hard to split up an airport and let a skyscraper be built—

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. MONRONEY. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 2 additional minutes.

Mr. MONRONEY (continuing). To be built on the airport or take half of an air terminal building or an air cargo building. That is only one of the many examples. But when we are worrying about tax exemptions, the bonds the Senator is talking about and the bonds the Senator from Connecticut is talking about for privately built, magnificent structures are generally built by those nice, beneficial trusts which enjoy complete tax exemption.

Now I shall be a little bit more serious about considering any possible tax favoritism to municipalities when the Finance Committee gets around to closing some of these great loopholes in the largest and richest families in this Nation which are buying up the bonds of United States Steel for their plants, because that is tax exempt, as the Senator well knows. Small States are not asking for special privilege. We are asking for equality. We do not believe we should be building up ghettos in the North continuously, which the good Senator from Connecticut has said would cost a trillion dollars to correct, and not have a chance to stop decentralization, to some extent, by offering an opportunity for industry to diversify into some of the smaller communities. We will be on an equal status if we have an opportunity to finance development by people voting the tax and the bonds on themselves. We will take our chance with the quality of our labor any time, any place, anywhere, to meet you in Connecticut, to meet you in New York, to meet you in California on these things. But we do expect an equal opportunity. You are trying to give a death sentence to this without even having a trial. We have not had it before the committee. The bill has been around all year. There have been no hearings yet to support the Treasury which by its own admission said that it did not know what it was talking about when it issued the regulations in the first place.

Mr. President, I reserve the remainder of my time.

Now, Mr. President, I am happy to yield to my distinguished colleague [Mr. HARRIS].

Mr. HARRIS. Mr. President, as I pointed out Tuesday during debate here, the amendment to continue the tax-exempt method of industrial bond financing is an issue here as it was in the Finance committee, of which I am a member, where we previously considered the matter, is not just a question of whether tax exempt bonds for these purposes are good or bad, although I personally feel that they have definitely made their contribution to our economy and to the economy of States such as Oklahoma. But, as has been pointed out

today, and earlier by my distinguished colleague from Oklahoma [Mr. MONRONEY], also involved is whether the executive branch alone should be allowed to change what has been a long-standing rule without action by the legislative branch.

I feel that the discontinuance of the present practice of allowing tax exemptions on interest received on industrial bonds in certain cases should come only after due consideration by the appropriate congressional committees—the House Committee on Ways and Means and the Senate Committee on Finance—after formal hearings and deliberate action by Congress.

I cannot say whether financing by industrial tax-free bonds has been abused, as has been said, but I do not think anybody else can say exactly the kind of cases in which that has been so, or how the law should be changed.

Furthermore, if this widely used method of industrial development financing, particularly in areas where so many poor people live, is to be abandoned, it ought only to be abandoned after the appropriate committees of Congress have had an opportunity to examine into alternatives, such as the one now pending before the Committee on Finance for tax incentives for the recruitment, training, and employment of poor people by private industries, and tax incentives for the location and expansion of job-creating industries where poor people are located.

If that is to be done, it ought to be done in a more orderly way, through hearings held by the appropriate committees to consider the present practice and any abuses which have occurred, to consider alternatives, and to afford an opportunity to explain the good uses to which the present law has been put. I hope the pending amendment to alter the committee position, which would prohibit removal of the tax-exempt status of these bonds without legislative approval, will not be agreed to.

Mr. MURPHY. Mr. President, I am pleased to speak as a coauthor of the amendment. I have listened to the arguments in opposition to it today and I think that sometimes, in the emotional state into which we sometimes move when looking after the individual interests of our States, we lose sight of the overall national picture.

The use of "municipal industrial financing" and "tax-free corporate financing" has increased rapidly in recent years. We are told that their use has increased "a hundredfold since the early 1950's, when the annual totals of these offerings rarely exceeded \$10 million, to an estimated \$1 billion in 1967."

Furthermore, some persons predict that the total annual volume may reach several billion dollars in the next few years.

The growing use of tax-free bonds to finance the construction of industrial facilities for occupancy by private corporations is further evidenced by comparing the percentage of municipal industrial bonds with the total legitimate local public purpose tax-exempt bonds.

In 1963, for example, municipal industrial bonds amounted to 1 percent of total local and State government tax-

exempt financing; by 1966, the percentage of these issues had risen to 5 percent; and in a 1-month period in late 1967, these issues reached an alarming 13 percent.

As has been stated here, whereas it was taken advantage of by only a few States in the beginning, it is now spreading to nearly all of the 50 States, so that any advantage at the outset is now no longer an advantage. All that will happen eventually is that all of this type of financing will be on a tax-free basis. Everybody will take advantage of it. I am surprised that the great State of Oklahoma, with all its gas and oil resources, would need such tax gimmicks to attract people to build airports there. I have been at the magnificent airports in Oklahoma. I have traveled in that State. I do not think for a minute that Oklahoma will suffer in the slightest by any change hopefully made here today.

Government officials—State, county, and city—State and local chambers of commerce, bankers, and concerned taxpayers of the State of California have without exception expressed to me their opposition to what they properly regard as a tax abuse. Why is there such strong opposition, Mr. President, to the use of these tax-exempt municipal industrial bonds?

Tax-free municipal industrial bonds are costing the people of California millions of dollars in interest on the legitimate truly public purpose bonds, such as schools, roads, water, and sewer. For example, the State of California and its subdivisions last year issued \$3.3 billion in bonds with an average life of 15 or 20 years to finance legitimate governmental functions. Financial experts have estimated that the interest rate on these bonds was between one-fourth and one-half of 1 percent higher than it would have been if these legitimate governmental issues had not had to compete for buyers in the same market as tax-exempt industrial bonds. Thus, it has been estimated that the mere existence of industrial development bonds on the market last year cost the taxpayer of California between \$124 million and \$248 million in extra taxes in order to make sure that legitimate municipal bonds, such as for water, sewage, schools, were competitive at the marketplace.

This, Mr. President, is the amount of additional interest that the State and local governments of California will have to pay over the average life of the legitimate bonds that were issued in 1967.

These bonds, which were developed in 1936 as a means to attract industry to rural areas of low income, have spread so that the number of states authorizing their issuance has increased from thirteen in 1960 to 35 in 1966, and is now 40.

Thus, Mr. President, whatever reason existed initially for allowing municipal industrial bonds a tax-exempt status no longer exists, for as one can see, if the trend continues, nearly all the states will be authorizing the use of these tax-exempt bonds.

Therefore, when the reason for the "tax-exempt status" no longer exists and when the use of tax-exempt municipal

bonds threatens to impair the tax-exempt status of legitimate public purpose municipal bonds, the exemption should be eliminated.

I am pleased to be a cosponsor with my distinguished colleague the Senator from Connecticut. The adoption of this amendment will correct a tax abuse and save the American taxpayers an estimated \$50 million. I urge its adoption.

I ask unanimous consent to have printed in the RECORD a news release from the California State Chamber of Commerce, dated February 1, 1968, and an editorial from the New York Times of March 8, 1968, entitled "No Business for Cities."

There being no objection, the news release and editorial were ordered to be printed in the RECORD, as follows:

[From the California State Chamber of Commerce, Feb. 1, 1968]

STATE CHAMBER REAFFIRMS OPPOSITION TO TAX EXEMPT INDUSTRIAL BONDS

The California State Chamber of Commerce today (Thursday) reaffirmed its opposition to tax exempt industrial bonds used to finance factories for companies and commended the U.S. Treasury Department's decision to support pending legislation opposing such bond use.

The Chamber also was critical of the so-called municipal arbitrage bonds whereby state and local governments can profit by selling such bonds then reinvesting the proceeds in federal bonds and other securities with higher interest yields.

"Abuses of the tax exempt municipal bonds and the continuing widespread use of them in 41 states not only deprives the federal government tax revenues but can pose a serious threat to the legitimate tax exempt bond market," said Ernest J. Loebbecke, Chamber vice president and chairman of its Statewide Economic Development Committee.

He pointed out that since 1951 when approximately \$7 million in tax exempt industrial bonds were sold, sales have skyrocketed to \$1,319,597,000 in 1967, and is still growing.

"Whatever justification may have existed in the early 1950's for use of such bonds in economically depressed areas does not apply today," Loebbecke said. "The competitive advantages have been largely nullified by the widespread resort to such industry inducement practices. If their use continues to multiply it could create a costly competitive situation among states and communities vying to see which could offer the largest inducements. In the long run all could be hurt," Loebbecke declared.

The Chamber's position will be communicated to the California legislative delegation, to Secretary of the Treasury Henry H. Fowler, and Representative John W. Byrnes of Wisconsin, ranking Republican of the Ways and Means Committee who heads a bi-partisan group seeking to remove the tax exempt privileges for municipal bonds used to finance private industrial construction.

[From the New York (N.Y.) Wall Street Journal, Mar. 8, 1968]

NO BUSINESS FOR CITIES

Since Congress seems reluctant to end the tax-exempt status of industrial revenue bonds, the Treasury intends to try to achieve the same end through administrative action. In the circumstances, that may be a good idea.

For a long time communities have been trying to attract new industry by offering various financial incentives, and in recent years an increasingly popular device has been the industrial-revenue bond. Municipalities

sold more than \$1 billion of such securities last year, up from only \$70 million in 1960.

Money raised with the securities is used to build factories for incoming companies, whose rental payments then go to pay off the bonds. The companies like the idea because the cities can raise the construction funds more cheaply than the firms could if they had to market their own securities.

The prime reason for the lower financing costs, of course, is that income from municipal bonds is exempt from Federal tax; the securities thus are especially attractive to well-to-do investors. The Treasury is not alone in questioning whether this setup is desirable.

AFL-CIO officials charge that the system is a "vicious" way of moving jobs from one place to another. Many municipal-securities firms are fearful that the swift expansion of industrial-revenue financing will make it more difficult for communities to find takers for bonds used to build schools, roads and other more traditional facilities. Criticism of the factory-building schemes, in fact, could eventually lead to elimination of the tax-exempt privilege for all municipal securities.

The best way out would be for the cities themselves to refrain; surely none of them wants to destroy the market for their conventional securities. Aside from that, industrial real estate is a field in which few municipalities can claim expertise, and the losses in future years could be considerable. Companies attracted only, or even mainly, by low rental costs aren't always the soundest providers of long-term jobs, since some may be only too eager to move on if another community makes a better offer.

Naturally enough, the Treasury objects chiefly to the loss of Federal revenue. Its officials argue, and we think persuasively, that the revenue bonds—now authorized in 41 states—are in reality obligations of the business firms involved because their rentals pay off the securities. The Treasury has been pushing for Congressional action, but the lawmakers so far have been unwilling to offend local officials enamored of the practice.

For the good of everyone concerned, the practice should be eliminated. If the cities or Congressmen don't see it that way soon, the Treasury is both right and reasonable to move on its own.

Mr. MONRONEY. Mr. President, I yield such time as he may require to the distinguished Senator from Wyoming [Mr. HANSEN].

Mr. HANSEN. Mr. President, I rise in opposition to this amendment. I would like to point out that the State of Wyoming, since 1960, has not gained in population; it has lost in population. The sale of industrial tax-exempt bonds is before our people. They are interested in the continuance of the tax-exempt status for industrial bonds. If they are able to have this tax-exempt status continued, they will be able better to sell the bonds and they will be able to hold some of the people who have been leaving Wyoming, along with other rural-oriented States, and thereby stop adding to the problems of the cities.

I think I know something about the problems of small municipalities and counties that are faced with failure to hold people. It comes about because we do not have much business going on there. There are not enough jobs to employ all of our young workers. We have many natural resources in Wyoming, and we propose to develop them. New businesses made possible through the sale of this type of bond will create jobs; workers now leaving Wyoming will be able to find work in the State.

It has been estimated by the investment bankers of America that the total impact, cost-wise, which the tax-exempt status on industrial development bonds has had on the municipal bond market generally has been an increase in the rate of perhaps between one-fourth and one-half percent. But let us think for a moment about how we pay these bonds off. Do we pay them off with a tax on real estate or on jobs? The only way they can be paid off is by putting people to work, by creating payrolls, by creating jobs. This is precisely why the State of Wyoming is deeply concerned.

I happen to come from a county which is 97-percent federally owned. The only way we can pay taxes is by putting our people to work. If these bonds become taxable and we do not sell them, and the new plants are not built, we will continue to add to the problems of the cities by being unable to generate the type of industries in Wyoming that are essential to hold our young people there.

I hope the amendment offered by the distinguished Senator from Connecticut will be rejected.

The PRESIDING OFFICER. Who yields time?

Mr. MONRONEY. Mr. President, may I ask how much time is remaining?

The PRESIDING OFFICER. The Senator from Connecticut has 11 minutes and the Senator from Oklahoma has 18 minutes.

Mr. MONRONEY. I yield 4 minutes to the Senator from Massachusetts [Mr. BROOKE].

Mr. BROOKE. Mr. President, I agree in principle with the amendment proposed by the junior Senator from Connecticut [Mr. RIBICOFF]. However, I question the cutoff date proposed in his amendment.

I recognize the fact that industrial development bonds have in some cases adversely affected municipal bonding efforts. These bonds have provided a glut on the bond market; they have resulted in higher interest rates for municipalities which borrow money for public purposes. They have generally complicated and made more difficult the problems of municipal finance.

I believe the long-term economic arguments are clearly in favor of the principle incorporated in this amendment. With virtually every State in the Union now permitting such practices, the competitive advantages that some States previously enjoyed have now been dissipated. In general the impact of such bonds on plant location and expansion seems to me to be declining. And there are serious arguments against the use of the tax-exempt privileges of public institutions to further the expansion of private industrial complexes.

But both the previous Treasury Department ruling and the proposed amendment would place an arbitrary and, I believe, unreasonable cutoff date on industrial development bonding.

Proponents of the amendment argue that 60 or 90 days is more than enough for the companies and communities concerned to develop plans and issue bonds. I cannot agree. The Governor of the Commonwealth of Massachusetts does not agree; nor does the Massachusetts

Department of Commerce or the State AFL-CIO. Several more months of planning will be required before these programs can be put in final form and realistic cost estimates obtained. Sufficient time should be allowed for the parties involved to negotiate their agreements and determine their costs.

Massachusetts refrained from the issuance of industrial development bonds for many years, and suffered serious economic injury because of this fact. Belatedly the State approved the practice, but we have only recently begun to make use of this device.

There are at least 10 major projects involving such bonds which are now underway or are being discussed in my own State of Massachusetts. I am sure there are more in other States as well. The proposed projects will result in millions of dollars of investment for the State; they will provide thousands of job opportunities.

As a matter of simple justice, I feel the present plans for a number of bond issues of this character should be allowed time to mature. They should not be disrupted by hasty action by Congress, any more than by the Internal Revenue Service. Indeed, while I would support an amendment to terminate the tax-exempt status of such bonds in early or mid-1969, I think the entire matter might better be handled through the normal processes of committee study and full debate. Neither of those processes have been followed in the present instance.

In summary, I am certainly in favor of an orderly transition away from industrial development bonding over a reasonable period of time. But I do not believe this amendment with its August 1 cutoff date offers such a transition.

Mr. President, I urge that the pending amendment be rejected.

Mr. President, might I ask if the distinguished Senator from Connecticut would be amenable to a change in the cutoff date as set forth in his proposed amendment?

Mr. RIBICOFF. Mr. President, if I had assurance of the change of enough votes, I might. Can the Senator from Massachusetts speak for any other Senators but himself?

Mr. BROOKE. Yes.

Mr. RIBICOFF. If the Senator can assure me that there would be enough votes to carry the day, maybe we can do something.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. RIBICOFF. I am pleased to yield the Senator such time as he may require.

Mr. BROOKE. I am sure there are other Senators who feel the same way, but I should like to ask the Senator to consider amending his amendment on the merits and justice of the issue alone. The date set forth in the amendment is August 1. That leaves precious little time for States to make the transition involved.

Mr. RIBICOFF. What does the Senator from Massachusetts have in mind as a fairer cutoff date?

Mr. BROOKE. I would suggest most respectfully that a cutoff date of Janu-

ary 1, 1969, would be fair. I said in my statement the middle of 1969, but the end of the year 1968 would seem to me to be a perfectly reasonable time to terminate such transactions.

Mr. RIBICOFF. Mr. President, I ask that my amendment be modified to provide for a cutoff date as of January 1, 1969.

The PRESIDING OFFICER. The amendment is so modified.

Mr. BROOKE. I thank the Senator.

Mr. RIBICOFF. I yield 7 minutes to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I should like to stress, to begin with, the way in which industrial revenue bonds have snowballed. I think few of us realize how rapidly they have pushed ahead and how much they are displacing the regular municipal bonds.

Mr. President, I support wholeheartedly the amendment offered by the distinguished Senator from Connecticut [Mr. RIBICOFF], which would terminate the tax-exempt status of industrial revenue bonds. The method of industrial revenue bond financing was initiated many years ago in the State of Mississippi. At that time, it was regarded as a method of self-help financing, whereby small communities could spur their rate of economic growth by attracting industry.

However, what was started out as a laudable objective has turned into a multimillion-dollar special interest tax subsidy. The growth of industrial revenue bonds has been truly amazing. In 1951, for example, only \$7 million in industrial revenue bonds were issued. By 1961, the figure had grown tenfold to over \$70 million. Last year the number of revenue bonds issues reached the gigantic total of \$1.3 billion. The investment bankers estimate that this year, 1968, the total might go as high as \$2.5 billion. Moreover, the projections, assuming that industrial revenue bonds grow at their same rate, indicate that by 1970 revenue bond issues may reach \$8 or \$9 billion a year. In terms of outstanding issues, revenue bonds could reach well over \$20 billion by the end of the 1970's.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Tennessee.

Mr. GORE. At the same time that we are obtaining this much tax-exempt income, we are proposing to add it to a bill increasing every workingman's tax 10 percent.

Mr. PROXMIRE. The Senator makes a good point, because this is a tax-increase bill.

Mr. MONRONEY. Mr. President, will the Senator yield to me?

Mr. PROXMIRE. I yield.

Mr. MONRONEY. I shall speak on my time.

The Senator from Wisconsin is not contending that this is Federal money, is he? This is to avoid spending Federal money to build public housing, to build public facilities. This is all private investment in municipal securities. In this way, it does not add to, but rather detracts from, the need for Federal spending.

Mr. PROXMIRE. Mr. President, this is Federal money, and I shall make that clear in a minute, because it exempts the interest that is paid from Federal taxation. Of course it is Federal money.

Last December the Joint Economic Committee held hearings on the financing problems of our cities. One of the most serious problems which was revealed in the course of these hearings is the rapid growth of industrial revenue bonds. The huge size of industrial revenue bonds financing has played havoc with the municipal bond market. A special committee of the Investment Bankers Association estimated that the sudden and spectacular increase in industrial revenue bond finance had forced up municipal bond rates for public issues approximately one-fourth of a percentage point.

Now, Mr. President, one-fourth of a percentage point may seem small. However, in terms of the \$12 billion of ordinary municipal bonds outstanding, the effect of a quarter-percent increase is to raise the cost of borrowing by municipalities by \$200 million. This, I might add, is the estimate of the Investment Bankers Association which is most familiar with the situation.

Mr. President, this is truly a shocking figure. Industrial revenue bond subsidies are costing our cities \$200 million a year in higher borrowing costs. At a time when our cities are extremely hard pressed for revenue, it is unthinkable that Congress would want to continue this flagrant subsidy which is costing our cities \$200 million a year. Because of the war in Vietnam, we may not be able to appropriate all of the funds we would like to see appropriated to solve our urban problems. But, Mr. President, at least we can eliminate this gigantic \$200 million tax upon our cities which disappears into the coffers of large, wealthy corporations.

Unless we act, the situation will get much worse and not better. The total volume of municipal bonds of all types are expected to double by 1975. Moreover, the increase in revenue bonds will grow at an even faster rate. Unless we act to end this unconscionable subsidy, it will soon be costing our cities over a billion dollars a year in higher interest charges.

Mr. President, I am sure no Member of Congress wants to tax our cities a billion dollars for the benefit of large, wealthy corporations and wealthy investors who buy these bonds. But, unless we approve the amendment offered by the distinguished Senator from Connecticut this is exactly what we will do. A vote against the amendment is a vote to tax our cities by \$1 billion in order to help wealthy corporations and investors.

Now, Mr. President, I should like to make this point: Not only does the industrial revenue bond tax loophole cost our cities \$200 million a year, it also costs the Federal Government money. According to the Treasury Department, the average tax bracket of investors in tax-exempt municipal securities is 42 percent. This means that for every dollar of interest paid on tax-exempt bonds the Treasury loses 42 cents. The present outstanding volume of revenue bonds is nearly \$3 billion. If these bonds were issued as ordinary corporate securities

rather than tax-exempt municipals, the interest would average approximately 6½ percent or nearly \$200 million a year. The income accruing to the Treasury Department would, therefore, come to 42 percent of \$200 million or approximately \$80 million a year. The entire \$80 million is lost to the Treasury because of the industry revenue bond tax gimmick. Eighty million dollars of the hard-earned money of our taxpayers are disappearing into the pockets of wealthy investors. Every taxpayer in the country is supporting this dubious tax bonanza to the tune of \$80 million a year.

Once again, the problem will get worse and not better unless we act. If revenue bonds grow at their present rate, by 1970 the total volume of outstanding issues will reach \$20 billion or roughly six times the present outstanding volume. This means the tax loss to the Treasury will increase six times, and will reach the gigantic sum of \$480 million. I wonder how we in Congress could consciously vote to retain a special tax gimmick which diverts \$480 million from the pockets of the taxpayers to the pockets of the wealthy investors.

Mr. President, at the heart of the amendment is the statement that this is needed to develop some areas of States that need industrial development. One of the outstanding experts in this matter is the Senator from South Carolina [Mr. HOLLINGS]. He has received awards for doing the best job of any Governor in the country in industrial development, when he was Governor, so recently, of the State of South Carolina.

Mr. President, I think it is particularly appropriate to note that the distinguished Senator from South Carolina [Mr. HOLLINGS] is strongly supporting the measure to do away with the tax-exempt status of industrial revenue bonds. Senator HOLLINGS also was a most distinguished Governor of the State of South Carolina and, as Governor, he organized and implemented one of the most effective State economic development programs in the country. During the period of 1959 to 1963, when he was Governor, the State of South Carolina was able to obtain \$1 billion in private investment resulting in the creation of 100,000 jobs. All of this was done without the industrial revenue bond gimmick. Also, Hon. Luther Hodges, a former Governor of North Carolina and Secretary of Commerce, played a most important role in revitalizing the economy of North Carolina. More economic growth was started in North Carolina under the leadership of Governor Hodges than in its previous history. Until recently, North Carolina did not have to depend upon industrial revenue bond financing.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Mr. President, I yield 1 additional minute to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 1 additional minute.

Mr. PROXMIRE. It is possible, Mr. President, for States and municipalities to have a vigorous and effective economic development program without the crutch of industrial revenue bond financing.

The Congress, therefore, cannot use this argument for an excuse for continuing the tax-exempt status of industrial revenue bonds. It is simply not borne out by the facts.

Mr. President, there is simply no economic, social, moral, or political justification for continuing the tax-exempt status of industrial revenue bonds. It is a flagrant loophole. It is an unconscionable subsidy. It does not help those for whom it was originally intended to help. It benefits the rich and taxes the poor. I hope the Congress will vote today to eliminate this unjustifiable subsidy.

Mr. President, I ask unanimous consent that an excellent letter from Prof. Lester Chandler of Princeton opposing this industrial revenue bond loophole be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

A TAXPAYER'S MATTER?

This is the first time that this taxpayer has complained about being taxed more heavily so that the government can subsidize others. I am glad to have some of my tax dollars used to help the unfortunate and needy. I don't even complain when my money is used to help shaky business firms that don't have access to the capital markets and might otherwise fail. I can even see the point of using my money to subsidize firms to industrialize some of the backward areas in Arkansas, Alabama or Mississippi.

However, my patience is now being strained. Could you tell me why I should pay more taxes to enable some of our leading corporations to finance themselves cheaply through tax-exempt bonds issued by cooperating municipalities and public authorities which assume no responsibility whatever for either principal or interest? Total issues of some \$200 million of these bonds were recently announced on one day. They were for the benefit of such worthy firms as U.S. Steel, Spring Mills Inc., Ashland Oil and Refining Co., Chicago and Northwestern Railway, Courts & Co., Reliance Electric and Engineering Co., Iowa Beef Packers, Inc., Sweetheart Plastics Inc., American Automatic Vending Corp., and Eastern Stainless Steel. Some of the funds will indeed be used to build plants in underdeveloped states. But are Delaware, Illinois, Ohio, Michigan, Nebraska and Iowa in this category?

These are indeed worthy firms, and their stockholders are undoubtedly worthy people. But why should we taxpayers subsidize them? Have they demonstrated need or some special merit? Have they promised to reimburse taxpayers by lowering the prices of their products? In this process, are we getting more efficient locations of industries, or less efficient?

Perhaps you or your readers can provide information which will make this form of subsidy seem reasonable. In the meantime, I can only say that the whole process is cockeyed, if not scandalous, and those members of Congress who want to perpetuate it must not have thought the thing through.

LESTER V. CHANDLER.

PRINCETON, N.J.

(The writer is chairman of the Department of Economics, Princeton University.)

Mr. MONRONEY. Mr. President, I yield 1 minute to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 1 minute.

Mr. HANSEN. Mr. President, since I have been a Member of the Senate, we

have devoted a lot of time on how we can put people to work.

I suggest that the pending measure gets right down to that purpose. If we continue to offer the tax-exempt status on industrial development bonds, we will create jobs. We will create payrolls and take people off welfare and put them to work. They will become tax contributors and not tax consumers.

I suggest that, indeed, Federal money is involved here, and it will be Federal money that will be saved because people will be working. They will be on the job. They will have payrolls. They will contribute to the support of the Federal Government and not have their hand out every week or every month to get a welfare check.

That is exactly the purpose of the pending amendment.

Mr. MONRONEY. Mr. President, I yield 2 minutes to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi is recognized for 2 minutes.

Mr. STENNIS. Mr. President, I thank the Senator for yielding to me.

Mr. President, I am totally impersonal in this statement, but the amendment comes from a strange source. The Senator from Connecticut is a man of fine understanding and great compassion. He comes from an area that is an interesting and great part of the country. The Senator has a subcommittee that is engaged in working on the rebuilding of the cities. That committee has done outstanding work. The Senator is the only one I have ever heard mention a figure of a Federal program the costing sum of \$300 billion to rebuild the cities. A great part of that money is to be Federal tax money.

We have these experiments going on with reference to the building with Federal money of high-speed trains to be operated from Washington into the New England States. That is a great and deserving area of the Nation.

We have these other Federal dollars by the billions that are going into welfare. Still, when a little rural community in my area of the country prepares to do something for itself, issues bonds, and puts a tax burden on its own back, their proposal is denounced here and it is claimed to be a subsidy and to be unfair and immoral.

I am surprised that the Senator from Wisconsin, a man of great understanding, would label such a transaction as being immoral.

We want to get a genuine congressional hearing here that will measure any abuses of the program that may exist. And there may be some. We want to get a measurement of the equities involved in the situation and try to get a firm, strong policy that is fair to everyone. However, do not say that the program does not do some good. Do not say that there is equality now because all 50 States do not have it.

In my area of the country, and in other rural areas, these revenue bonds are used as a means for the communities to pull themselves up by their own bootstraps so that they may be able to compete for industry with other areas of the country.

I am amazed that the Senator overlooked that part of the picture. I am willing to have adjustments.

The fine senior Senator from Tennessee [Mr. GORE], mentioned that some corporations would benefit from this measure.

If it is unfair, it ought to be stopped. I tell the Senator now that in the section of the country where I live, we are inducing now, through a bond issue like this, a native-born son who has been away for many years to come back and buy the patent rights on a certain type of agricultural plow for pastures and like lands. Through the use of these bonds they propose to erect a factory there in the county in which he was born. He will use his ingenuity and his own resources—and he is a man of some means—to manufacture these products, not to sell them in Connecticut, Tennessee, or anywhere else, but largely for local consumption, there and in west Alabama and relatively nearby areas.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MONRONEY. Mr. President, I yield 1 additional minute to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi is recognized for 1 additional minute.

Mr. STENNIS. Mr. President, that is the only way in which that little community can get anything approaching equality.

To come in now with a hatchet and cut this tax exemption off with no hearings and no adjustment of equities, but just to let the axe fall, is unfair.

I wish that all Senators were present to hear the actual cases involving communities that need this exemption to enable them to help themselves.

I do not blame any individual for how he votes. However, to denounce this proposal as being iniquitous and something unholy and just for the wealthy people of the country does not correctly sum up the matter.

There is another side of the picture. A great part of the good that this program has done has been done for the small communities, villages, small towns, and counties that vote to place these bonds on themselves and vote the tax money with which to pay for them. And they do pay them off.

It is in the little industrial areas that have many people who are thrown out of work on the farm that the men can be employed on these projects.

I thank the Senator for yielding.

Mr. MONRONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONRONEY. How much time remains?

The PRESIDING OFFICER. The Senator from Connecticut has 2 minutes remaining and the Senator from Oklahoma has 7 minutes remaining.

Mr. MONRONEY. Mr. President, I yield 4 minutes to my distinguished colleague, the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 4 minutes.

Mr. CURTIS. Mr. President, we are

asked here to tax bonds that have been untaxable for more than 30 years. We are asked to do this with a mere half hour of debate. The proposal has never been heard by any committee. The amendment is so drawn that the author is willing to change most any section in return for one vote.

Mr. President, I wish we could have committee hearings on this proposal. Hearings would bring out the facts. In the first place, the payment of interest by a corporation is a tax deduction. If the corporation borrows at a lower rate because of the pending proposal, they pay less taxes.

Who buys the corporate bonds? Over 77 percent are bought by nontaxable entities: unions, foundations, pension funds, and other nontaxable entities.

On the basis of the \$17,000,000 of industrial bonds sold in 1967, if we take into consideration the fact that the lowering of the interest rate lessened the corporate tax, we find that there was a net gain to the Treasury by reason of these bonds of \$720,000. Time will not permit me to put in all the figures.

Some Senators would prevent a locality in Nebraska or any other State from using its credit to build an industry facility that would provide employment, yet, without hesitation, they vote out of the Public Treasury money to create a job enterprise through foreign aid, through the Federal Government's Economic Development Administration in the Department of Commerce, through the Small Business Administration, and otherwise.

If we are going to attack the use of government to promote jobs, let us do it across the board and get the Federal Government out of it. Let us not prevent these localities from helping themselves.

I say that this matter should go before a committee. For example, section (v) 5 of this amendment exempts from its operation any enterprise that is owned and run by the governmental subdivision.

In other words, the distinguished Senator from Connecticut strikes out the exemption if the facility is used by private enterprise. But if it goes all the way into socialism, whether it be housing, a packing plant, a machine factory, or anything else, if the governmental subdivision keeps the title and operates it, it is not included in the Ribicoff amendment.

Mr. President, the Senator spoke on this matter the other day; and while it is true that the issue was whether or not it should be done by legislation or by Treasury ruling, nevertheless, there was knowledge of what was involved. What is proposed today is a very, very slight difference from what we had before. The other day we were asked to approve or disapprove a ruling of the Treasury about which Congress had never been consulted. Today we are asked to approve or disapprove an amendment offered by the Senator from Connecticut which has never been printed, on which there never has been a hearing before a committee, and no one knows what it is. But we do know that it is very poorly drawn and that if the local subdivisions follow a socialistic route and operate their own enterprise, they are not covered.

The amendment of the distinguished Senator from Connecticut should be re-

jected, and this matter should be handled by a committee.

Mr. RIBICOFF. Mr. President, I yield 30 seconds to the distinguished Senator from Michigan.

Mr. GRIFFIN. Mr. President, I rise to indicate my support for the pending amendment.

Under the existing revenue code, interest which accrues on municipal bonds is exempt from Federal taxation. This exemption is justified, and it should be continued, to the extent that such bonds are issued for public purposes—such as the construction of schools, roads, sewer systems, hospitals, and the like.

However, I am convinced and have long contended that, in allowing this tax exemption, Congress did not contemplate, and did not intend, that tax-free municipal bonds would be used to finance the construction of private facilities. In my view, when public credit is used for private purposes, the justification for the tax exemption no longer exists.

This gaping loophole in our Internal Revenue Code should be closed.

Earlier this week, I voted with the Finance Committee in support of the fundamental proposition that this is a matter which should be resolved by legislation enacted in Congress rather than by administrative fiat. However, now the issue is squarely before the Senate, and I believe we should take the action which is called for by logic and reason.

Mr. President, in recent years the use of tax-exempt municipal bonds to finance private business has spread across our Nation like wildfire. In 1951, only two States, Mississippi and Kentucky, used such bonds to finance facilities for private enterprises. However, by the end of 1967, the number of States using municipal credit for such purposes had increased to more than 40. Between 1960 and 1967, the total of new issues of industrial bonds grew from \$70 million to about \$1.4 billion.

In the absence of any Federal legislation to prohibit or discourage the use of municipal bonds for private purposes—legislation which I sponsored and advocated in the 87th, 88th, and 90th Congresses while a Member of the House of Representatives—numerous States, including Michigan, have had no realistic alternative but to embark on the same course in an effort to check the pirating of their industry.

Mr. President, I have long been concerned about the problems generated by this tax loophole. My interest in the subject was stirred in 1961 when the Borg-Warner Corp., moved its Norge operations from Muskegon, Mich., in my congressional district, to Fort Smith, Ark. Norge moved into a new plant in Arkansas which was financed through the issuance of tax-free municipal bonds.

Mr. President, in 1961, the constitution of the State of Michigan prohibited municipalities in our State from using public credit for private purposes. As a result, Michigan was at a distinct disadvantage vis-a-vis other States, such as Arkansas, in the competition to attract industry.

In the light of these circumstances, I made a special appearance on December 7, 1961, before the Committee on Fi-

nance and Taxation of the Michigan Constitutional Convention, which was then in session for the purpose of revising our State's constitution.

In the statement presented, I analyzed and emphasized the problems inherent in using tax-exempt municipal bonds for private purposes. I spoke out strongly then in support of Federal legislation to close this loophole in the Federal tax law. However, under the circumstances, I felt there was no real choice but to urge the delegates at that constitutional convention to grant our legislature sufficient flexibility under the new constitution so legislation could be adopted, enabling Michigan to "fight fire with fire" by taking advantage of the same loophole.

Subsequently, Michigan approved a new constitution, and Governor Romney, on May 8, 1963, signed Public Act 62, which authorized municipalities in our State to issue revenue bonds as a means of financing acquisition of industrial facilities and leasing them to industrial firms. On August 24, 1966, the Michigan Supreme Court, in *City of Gaylord v. Gladys Beckett* (378 Mich. 273), upheld the validity of the 1963 act under the new State constitution.

Since then, three major industrial projects in Michigan have been financed through the use of tax-exempt bonds. The total cost of these projects exceeds \$55 million. I am aware that five other projects are now pending in Michigan totaling more than \$80 million, and that a number of other proposals are in various stages of consideration.

I realize that some hardship would result from an abrupt cutoff of the use of this method of financing. I note that the Ribicoff amendment, as modified, would not take effect until January 1, 1969. I am hopeful that, by providing a cutoff date 9 months in the future, most projects now in the planning stages will not be affected.

Mr. President, the continued use of tax-exempt municipal bonds for private purposes—which was never intended by Congress—is interfering with the ability of public bodies to market bonds for legitimate and necessary public purposes.

The time has come for Congress to take action which is long overdue. I urge the Senate to approve the pending amendment.

Mr. President, I ask unanimous consent that the statement, to which I made reference, be reprinted at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF HON. ROBERT P. GRIFFIN, U.S. REPRESENTATIVE, NINTH MICHIGAN DISTRICT, BEFORE COMMITTEE ON FINANCE AND TAXATION OF THE MICHIGAN CONSTITUTIONAL CONVENTION, DECEMBER 7, 1961

Mr. Chairman and members of the Committee, I appear here today to focus attention upon a serious situation which is severely handicapping our State in its efforts to attract new industry and to encourage existing industry to expand within Michigan.

In a way, the problem of which I speak grows out of the federal tax laws with which I am concerned as a Representative in the United States Congress. But the situation also involves the Constitution and laws of our State.

I refer to the fact that in 15 of the other states of the Union tax-exempt municipal bonds are now being used, on an ever increasing scale, to finance industrial development. As this Committee knows, under Article X, Section 12 of our present Constitution, the State of Michigan, its municipalities and other political subdivisions are prohibited from using public credit for private, non-public purposes.

The seriousness of the situation which confronts our State was emphasized this year in my Congressional district when the Borg-Warner Corporation moved its Norge Division operations at Muskegon (where 1800 people were employed) to a new plant in Greenwood, near Fort Smith, Arkansas.

Under enabling legislation enacted in Arkansas in 1958, Greenwood had issued \$7.5 million of municipal revenue bonds to finance the construction of a huge new modern industrial plant. Under present federal laws, the interest on municipal bonds is exempt from taxation. As a result of this special tax immunity, municipalities are in a position to issue bonds and borrow money at very low interest rates—rates which are generally lower than that available to the Federal government itself because, since 1941, interest on federal bonds has been taxable.

Consider for a moment the tempting position which Greenwood, Arkansas, was able to hold out to lure the Norge plant away from the State of Michigan. After using its public credit to borrow \$7.5 million at low interest rates, the municipality of Greenwood then proceeded to construct a brand new plant, holding title to the land and building in its name. Under such an arrangement, as you have already surmised, the plant is then leased by the municipality to the company which can deduct its rental payments for income tax purposes as a business expense. Of course, the rental payments under such an arrangement can be very reasonable because the land and building owned by the municipality are not on the local property tax rolls.

As topping for the cake, it was rumored for a while that the Borg-Warner Corporation itself, had purchased \$6 million of the \$7.5 million tax-exempt bonds. Officials of the corporation have denied that such was the case and I accept their statement. However, the suggestion has pointed up the possibility, and I have learned that other municipal bonds issued under similar circumstances have been purchased by the company occupying the plant or its major stockholders. Such an investment is not a bad one because, to a corporation with annual net earnings exceeding \$25,000 (placing it in the 52% bracket), a tax-exempt municipal yield of 3.5% is actually equivalent to a yield of 7.29% on a fully taxable investment.

To be sure, it should be recognized that a number of other considerations play equal or more important roles in determining whether a company will locate its operations and its jobs in one state rather than another. In presenting this problem as it affects the ability of our State to compete for industries and jobs, I do not wish to underestimate or underrate the importance of such other vital factors as: the cost and responsibility of labor, the political climate, the natural climate, the proximity of raw materials, and markets, and the availability and cost of such essentials as power and water.

However, I do want to emphasize my concern and my conviction that the rapidly expanding use in other states of this tax-exempt industrial development "gimmick" is much more of a problem than is generally realized, and it is seriously compounding the other handicaps which we may have in this fierce and ruthless competition among the states for industries and jobs.

I want to point out that in the Norge case labor relations in the Muskegon plant were

good. In the community the local union leadership was generally considered to be responsible, and there had been no strike there for many years. However, the physical plant occupied by the Norge Division was a very old, inefficient, two-story building. New, modern efficient quarters were needed for the Norge operations. In my own mind, there is no question but that the "gimmick" proposed by Greenwood, Arkansas, made the difference and was the major factor in this particular decision to leave the State.

While the Norge situation may have received a lot of publicity around the State, let me caution the members of this Committee that it is not an isolated case. You have read about the Gemmer Division of Ross Gear and Tool in connection with Judge Kaess' extraordinary ruling that seniority employees continue to have employment rights, even after expiration of their collective bargaining agreement, which can follow a company from Detroit to Lebanon, Tennessee. But attention should be focused upon another aspect of that particular case: In order to lure the Gemmer Division away from Michigan, the city of Lebanon, Tennessee constructed a new factory building in 1960 with the proceeds of a \$2.5 million tax-exempt municipal bond issue.

Several months ago, it was announced that the Scott Valve Manufacturing Co. would close its Detroit plant and move to Blytheville, Arkansas to occupy a new plant under a similar financing arrangement, leaving 140 persons unemployed in Detroit, most of them over 50 years of age.

The impetus for the current trend to use low cost municipal financing for industrial development began about 24 years ago in the South with Mississippi. Kentucky and Alabama followed suit. Then, for self-protection, a number of Northern states began authorizing similar programs—and now a full-fledged second war among the states is underway.

At the present time the following 14 states have made it legally possible for their municipalities to sell bonds, use the proceeds to build plants, and then to rent the facilities to private industrial corporations:

	Year enacted
Mississippi	1936
Kentucky	1948
Alabama	1951
Tennessee	1951
Illinois	1951
Louisiana	1952
New Mexico	1955
North Dakota	1955
Vermont	1955
Arkansas	1958
Maryland	1960
Missouri	1960
Kansas	1961
Nebraska	1961
Georgia	a

¹ Has program limited to 25 counties.

It is reported that at least another 10 or 11 states are currently considering constitutional changes or legislative enactments to authorize similar programs.

According to tables compiled by Prof. C. J. Pilcher of the University of Michigan School of Business Administration, the number and value of municipal industrial development bonds has just about doubled each year over the past 5 years. Keep in mind that each new bond issue represents at least one new industrial plant. In 1957, there were 22 such bond issues totalling \$7.5 million. In 1958, there were 47 issues totaling nearly \$13 million. In 1959, there were 50 issues aggregating \$23 million, and in 1960 there were 74 issues adding up to \$47 million.

Mr. Chairman, let me say that I am concerned about this situation, which grows steadily more serious, not only from the standpoint of Michigan's plight, but also

from the standpoint of what is sound policy for the Federal government.

As long as the federal tax laws remain as they are, it can be expected that more and more states will move to take advantage of what I term a federal tax "loophole." As this grows, there will be a greater and greater loss in federal tax revenue. Frankly, I believe that the doctrine of reciprocal tax immunity, which is enjoyed between the federal and state governments, is abused when a municipality uses its public credit for anything other than a public or governmental purpose. I question whether the Federal government should exempt from taxation the interest on municipal bonds which are used to finance a private industrial enterprise for profit. Since the Norge situation has come to light, I have been working very hard in Congress in an effort to arouse interest in this problem. I earnestly believe that the situation should be remedied by a change in the federal tax laws.

I am well aware that municipalities are understandably jealous of the tax-exempt status of their bonds. Associations or municipal officials are very suspicious and fearful that any legislation which tampers with this exemption could be the "entering wedge" to an outright elimination of their important tax advantage.

With that concern in mind, I have tried to attack the problem by using another approach. On April 17 of this year, I introduced H.R. 6368. This bill would not affect in any way the tax-exempt status of municipal bonds. However, if the bill were to become law, any person or corporation who leases an industrial plant constructed with tax-exempt municipal bonds would be denied the right to deduct rental payments as a business deduction for federal income tax purposes. In this way, I believe the attractiveness of the "gimmick" could be destroyed and the practice would be discouraged.

While I intend to keep on pushing for federal action, I must indicate to this distinguished Committee that prospects for enactment by Congress in the near future of this or similar legislation are not very bright.

It seems obvious to me that such legislation would get nowhere in the present Congress without the strong and vigorous support of the Administration in power. Earlier this year, on July 31, I wrote to President Kennedy requesting such support. On August 23, I received a weak reply from an Assistant Secretary of the Treasury which recommended that "any action on the bill be postponed for this year" and indicating only that "possible revision of the tax treatment of state and municipal bonds . . . could well be considered as part of a . . . (comprehensive tax program" being prepared by the Secretary of the Treasury for submission to Congress next year.

(A copy of H.R. 6368, together with a copy of my letter to the President and the reply received, are attached.)

Mr. Chairman, I am well aware of the arguments against public financing of industrial development. In effect, the municipality or public body almost becomes a partner in business under such a financing arrangement. Then, too, there is the matter of discrimination against those existing industries which are paying local property taxes.

Obviously our State is on the horns of a dilemma. However, this Constitutional Convention does not have to decide the kind of program or the extent to which municipal bonds might be used for industrial development in Michigan. But the Convention is confronted with this difficult question: Should we keep the door closed completely and absolutely so as to preclude the Legislature and the Governor from considering any program in this area?

After weighing the matter carefully, I should like to make the following recommendation:

1. I believe the new State Constitution should be so drafted as to provide the Governor and the Legislature with flexibility enabling them at least to consider and weigh carefully legislative proposals which would make it possible for Michigan to "fight fire with fire";

2. I believe that any flexibility provided under the Constitution allowing the possible use of state and/or municipal credit for industrial development purposes should be limited to revenue bonds. I do not believe it would be necessary or desirable to permit the use of general obligation bonds for such a purpose; and

3. In the meantime, the Michigan delegation in Congress, the Governor, the State Legislature, the delegates to this Constitutional Convention and everyone else with any influence in our State should exert a maximum effort to obtain enactment in Congress as quickly as possible of H.R. 6368 or similar legislation.

The municipal bond "loophole" now being used by an increasing number of states to attract industry is reminiscent of a situation which once existed with respect to a few community property states. As more and more states began changing their laws to take advantage of the community property loophole, Congress was pressed into action and finally made changes in the federal law to afford uniform tax treatment.

Even though it may appear distasteful in some respects, I believe the new State Constitution should leave enough flexibility so that the Legislature can at least consider various ways and means of taking advantage of this loophole.

If and when Michigan and other states do move to authorize the wider use of tax-exempt municipal financing for industrial development, I believe Congress will be forced to face up to this situation and will take the legislative action that is necessary.

Thank you.

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 31, 1961.

HON. JOHN F. KENNEDY,
The President,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On May 9, 1961, the views and recommendations of the Treasury Department were requested concerning H.R. 6368.

This bill, which I have introduced, would disallow, for income tax purposes, the deduction of rental paid by a company occupying a plant financed through the issuance of tax-exempt municipal bonds.

The urgent need for passage of such legislation was emphasized last week by the revelation that the very first "benefit" approved under the so-called "depressed area" legislation will be, in effect, a bonus to a Southern community which has utilized the municipal bond loophole to lure a new industry.

As you may know, Commerce Secretary Hodges approved a \$129,000 grant, as well as a \$31,000 loan, to the Arkansas community of Gassville (population 233) to finance a water system which is vital to a new industry locating there. According to press reports, the industry will occupy and lease a new industrial plant being constructed with the proceeds of a \$535,000 tax free municipal bond issue.

Under the present law, as you know, the interest on municipal bonds is exempt from federal income taxes. This exemption is justified, and should be continued, to the extent that such bonds are issued for a public purpose.

However, I am firmly convinced that, in providing this tax exemption, Congress did not contemplate that municipal bonds would be issued to finance the construction of industrial facilities for a private business enterprise. Certainly, when the public credit is utilized for private purposes, the justification for this tax exemption no longer exists.

In 1956, there were 8 states which permitted local taxing units to issue bonds for such purposes. By 1959, there were 10 such states, and in the year 1960 five more states (Arkansas, Mississippi, Missouri, Maryland and Nebraska) passed enabling laws permitting local units of government to issue bonds for industrial development.

As long as this loophole in the federal tax law remains, more and more states will be forced to adopt legislation to take advantage of it. Unless the federal law is changed in the near future, a substantial loss in federal revenue and other serious consequences can be foreseen.

In the meantime, Michigan and 34 other states, which are not taking advantage of this federal tax loophole, are seriously handicapped in their efforts to attract new industries and to qualify for development grants and loans under the "depressed areas" legislation.

I urge that the Administration lend its strong support to the prompt enactment of H.R. 6368, or similar legislation. In the meantime, I believe that the Administration should withhold approval of "depressed area" projects in communities which use the municipal bond loophole.

Respectfully yours,

ROBERT P. GRIFFIN,
Member of Congress.

TREASURY DEPARTMENT,
Washington, August 23, 1961.

HON. ROBERT P. GRIFFIN,
House of Representatives,
Washington, D.C.

DEAR MR. GRIFFIN: The President has referred your letter of July 31 regarding H.R. 6368 to the Treasury Department to bring it to the attention of officials directly concerned with tax policy questions. As you indicated, this Department has been requested to report on H.R. 6368 which you introduced and which would deny deductions for payments by private industrial and commercial organizations to State and local governments for the use of plants financed by the issuance of State and local bonds.

We have not yet completed a study of the problems and issues raised by H.R. 6368. Accordingly, we cannot at this time take any definite position on the bill. After preliminary examination I believe it may be advisable for us to suggest that any action on the bill be postponed this year.

The use of municipal bond issues to construct facilities for lease to municipal concerns have received attention in recent years both by the Executive branch and by the Congress. The question was considered at length by the Congressional tax committees during the formulation of the Internal Revenue Code of 1954. This review pointed out some of the controversial policy issues and technical problems which deserve full and careful consideration.

As you know, the President in his Tax Message to the Congress on April 20 directed the Secretary of the Treasury to undertake the research and preparation of a comprehensive tax reform program. This work is now under way, and the possible revision of the tax treatment of State and municipal bonds used for the financing of industrial and commercial plants is a matter that could well be considered as part of this program.

Sincerely yours,

STANLEY S. SURREY.

H.R. 6368

A bill to amend the Internal Revenue Code of 1954 to deny deductions for amounts paid by private industrial and commercial organizations to State and local governments for the use of industrial plants acquired or improved by the issuance of certain bonds by such States and local governments

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That (a) part IX of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items not deductible) is amended by adding at the end thereof the following new section:

"SEC. 274. CERTAIN PAYMENTS TO ISSUERS OF TAX-EXEMPT OBLIGATIONS.

"(a) GENERAL RULE.—No deduction shall be allowed for any amount paid or accrued to any State or possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia by a nonpublic lessee for the use or occupancy of an industrial plant which was acquired or improved (in whole or in part) out of the proceeds of a tax-exempt obligation issued on or after April 17, 1961.

"(b) DEFINITIONS.—For purposes of subsection (a)—

"(1) INDUSTRIAL PLANT.—The term 'industrial plant' means—

"(A) any building or equipment which is used for manufacturing or processing articles or commodities (including any building or equipment the use of which is incidental to such manufacturing or processing) and which is located on land held by the lessor for the benefit of such plant, and

"(B) the land on which the building or equipment described in subparagraph (A) is located.

"(2) TAX-EXEMPT OBLIGATIONS.—The term 'tax-exempt obligation' means any obligation issued—

"(A) by any State or possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia, and

"(B) the interest on which is wholly exempt from the taxes imposed by this subtitle."

"(b) The table of sections for such part IX is amended by adding at the end thereof the following:

"Sec. 274. Certain payments to issuers of tax-exempt obligations."

SEC. 2. The amendments made by the first section of this Act shall apply with respect to taxable years ending after the date of the enactment of this Act.

Mr. RIBICOFF. Mr. President, will the distinguished Senator from Louisiana yield me 5 additional minutes on the bill?

Mr. CURTIS. I shall object.

Mr. LONG of Louisiana. Mr. President, might I inquire why the Senator objects to the additional 5 minutes?

Mr. MONRONEY. If the Senator is going to yield the time, I am sure he is fair enough to yield the other side an equal amount of time.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that both sides have an additional 5 minutes.

Mr. CURTIS. All right.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Without objection, it is so ordered.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield to the distinguished Senator from New York.

Mr. JAVITS. Mr. President, I shall be with the Senator from Connecticut with respect to his amendment, for the reasons stated by the Senator from Michigan.

I should like to ask the Senator from Connecticut two questions.

First, is it a fact that the words of the amendment would exclude from its operation—so that those bonds would be subject to the tax exemption privileges—bonds issued by a State dormitory au-

thority for dormitories on college campuses?

Mr. RIBICOFF. Without question, those are excluded. The amendment covers only depreciable property used for commercial or industrial purposes, such as plants or equipment, and that would not apply to a State dormitory authority.

Mr. JAVITS. Second, where the governmental entity itself lends the proceeds of its bond issues to a large number of different small business ventures—in other words, where it is using the proceeds itself for a quasi-banking type operation—would it be excluded under the provisions of (v) (5)?

Mr. RIBICOFF. The Senator is correct.

Mr. JAVITS. I ask unanimous consent to insert a letter I received this morning from Assistant Secretary of the Treasury Stanley Surrey which bears out the position of the Senator. I thank the Senator.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, D.C. March 28, 1968.

HON. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: We understand that certain technical questions have arisen with respect to the proposed amendment on industrial development bonds being proposed by Senator Ribicoff.

As we interpret Senator Ribicoff's proposed amendment it is limited to bonds issued for industrial or commercial purposes and will not affect bonds issued to finance facilities for colleges, hospitals, and similar non-commercial activities. Thus, the bonds issued by the New York Dormitory Authority will not be affected by that amendment. In addition, Senator Ribicoff's proposed amendment does not affect bonds issued in situations where the governmental unit will itself use the proceeds in a business type operation. As we understand the operations of the New York Job Development Authority the proceeds of its bond issues are loaned to a large number of different small business ventures and it is the Authority itself which is using the proceeds in a quasi banking type operation. Accordingly, the bond issues of the New York Job Development Authority would also be unaffected by Senator Ribicoff's proposed amendment.

Sincerely yours,

STANLEY S. SURREY.

Mr. RIBICOFF. Mr. President, I yield 2 minutes to the Senator from Tennessee.

Mr. GORE. Mr. President, like most tax loopholes, this one started small. Like most tax loopholes, it started with a plea for equity. But, like most tax loopholes, it has grown and grown and grown, until in the debate in the last hour I recall three corporations being identified as beneficiaries of this special device—American Airlines, Delta Airlines. Where are there more profitable corporations? Search your records. United States Steel. Where is there a more basic industry, or how many larger corporations do we have?

Yet, Mr. President, this is offered as an amendment to increase billions of dollars of income, tax-exempt. This is offered as an amendment to a bill raising the taxes of every taxpayer in the United States. Equity? Fairness? Where is there equity in providing large incomes completely free of taxation for many indi-

viduals? And you do this in the name of counties? By what right do you speak?

Here is a statement of the National Association of Counties. Let me read it:

The irresponsible continuation of the unchecked issuance of industrial development bonds poses a disastrous threat to the entire State and local government bond market.

Mr. President, I hope this amendment will be adopted.

Mr. RIBICOFF. Mr. President, I yield 2 minutes to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator has only 1 minute remaining.

Mr. MONRONEY. Mr. President, I yield 1 minute to the Senator from New Hampshire.

Mr. COTTON. Mr. President, I trust that the Senator from New Hampshire is not entirely parochial or provincial in his attitude. He desires to legislate for the benefit of the entire country. But there are States in this country which, by their own constitution, as interpreted by their own supreme court, cannot issue bonds for any purpose other than public purposes. My State is one of them.

I remember through the years when we were struggling to hold our textile industries, and they were going away from us, that under our constitution a municipality could not agree to a temporary 2- or 4- or 5-year exemption from taxation for any industry.

I believe all States should be on an even basis. I love some of my friends who are anxious. I should like to help some of the other States, but if one believes in States rights, it should refer to Yankee States as well as Southern States. That is why I believe the line should be drawn—not only because of tax loopholes but also so that those States which have held firm and have had to get their business without special considerations shall have an even chance with every other State in the Union.

Mr. MONRONEY. Mr. President, I yield 2 minutes to the Senator from Vermont.

Mr. PROUTY. Mr. President, we are told we must spend billions and billions of dollars—some estimates are as high as \$30 billion a year—to save our cities. What is one of the great problems within our metropolitan areas? Much of the problem has to do with the fact that we have had a great migration of people from rural areas who are without education, training, or skills. They have gone on the relief rolls and they create almost impossible situations in those areas.

Mr. President, I point out that 45 percent of the poverty in this country today exists in rural areas; and only about 32 percent of the funds under the so-called

antipoverty program go into the rural areas.

Perhaps it is too simple to be worthy of consideration that through industrial development bonds we may establish small plants, factories, and retraining facilities in these areas for the benefit of the people who are there. Certainly, that seems to be the cheapest and most realistic way to handle the problem.

I cannot agree with those Senators who spoke on the other side, most of whom come from highly industrialized centers. Most of us need help, and this means offers the advantage of bonds which have to be approved by the citizens in the communities.

We can do the job, save billions and billions of dollars from taxpayers funds, and at the same time create a reliable and self-supporting community, if we are given the chance.

Mr. MONRONEY. Mr. President, in closing I wish to dispel some of the impressions that may have been created.

We spent \$383,600,000 in Federal money in the economic development program. We are trying to offer a substitute whereby people can vote bonds to encourage industrial development. Sometimes companies come in and sometimes they do not.

In Oklahoma we have the Sequoyah Mills, where 80 percent of those employed are Indians. Up until the time the plant was completed, they had never a single day of employment. Today they are among the finest carpetmakers that one can find. There are other examples in this country where training has been made possible and skills developed.

With all of this crying about the great loss, I would like to have the attention of the Senator from Wisconsin because he does not understand or misinterprets the figure. In 1967 \$17 billion worth of corporate bonds were issued, and \$13.2 billion went into nontaxable hands. The Government lost that interest. There has been so much crying about the rape of the taxpayers. There were \$1.5 billion of these tax-exempt industrial bonds issued in 1967. They are an infinitesimal part of the market. When I went to the Treasury Department to talk about their first mistake—when they did not know what they were doing the first time—they said the income loss to the Government was so infinitesimal it gave them no concern.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CURTIS. I repeat that the payment of interest by corporations is a tax deduction, so the Government loses 48 percent right there.

I believe the Senator from Wisconsin said that the individual who pays taxes

on his interest received is in the 42-percent bracket, so the Treasury Department is ahead 6 percent there. However, three-fourths of the bonds go into the hands of people who pay no taxes at all, such as pension funds, unions, foundations, and the like.

It cannot be sustained by any stretch of the imagination that the Treasury Department loses on these matters, aside from any gain by reason of increased activity.

I wish to point out to the distinguished Senator from New Hampshire that constitutions can be changed. This procedure was not permitted in Nebraska. We amended our constitution and, thereby, jobs are now being provided.

Mr. MONRONEY. Mr. President, the important point is if the law stands, as it has for 30 years, municipalities or counties could borrow money to build these plants and industries. The interest rate is 4.5 percent instead of 6 percent. We are trying to help the communities. They are not going to lose big Federal money; but we can give them a chance to build with local credit for a company that wants to take advantage of local labor. Let us give them the chance to do it and not make everything a Government handout. This is the simple way to do it, if we are trying to help agricultural communities, trying to prevent ghettos whose repair will cost trillions of dollars. This is a way to bring industry to the man instead of taking man to the industry.

Mr. COOPER. Mr. President, I shall vote against the amendment offered by the distinguished Senator from Connecticut [Mr. RIBICOFF]. I do so because I believe that the adoption of the amendment would unduly restrict, if not eliminate, the use of revenue bond financing as a means for assisting industry to seek new locations in the economically depressed areas of the country.

From my own personal experience, I know that in Kentucky the sale of industrial revenue bonds has provided an important impetus to the economic growth and development of many communities. In recent years some 137 revenue bond issues have financed a variety of new industries in Kentucky, and have produced an estimated 27,000 additional jobs.

Mr. President, I ask unanimous consent that a list of companies that have located in Kentucky just in the past year and those currently proposing to locate in Kentucky, and financed by revenue bonds, be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

PLANTS FINANCED THROUGH REVENUE BOND ISSUES IN 1967

City	Company leasing building	Year of issue	Amount of issue (thousands)	Interest cost (percent)	Product
Danville	Genesco	1967	\$800	4.713	Shoes.
Frankfort	Marsh Instrument Co.	1967	2,140	5.187	Gauges, thermometers, valves.
Florence	Equitable Paper Bag Co.	1967	1,300	5.54	Bags.
Jeffersontown	L. G. Balfour Co.	1967	600	4.95	Printing.
Franklin	Simpson Manufacturing Co.	1967	250	5.9	Men's clothing.
Do.	Marvel Industries	1967	250	5.9	Stampings, hoists, couplings.
Bowling Green	Firestone Tire & Rubber Co.	1967	30,000	4½	Tire fabric.
Henderson	Bear Brand Hosiery Co.	1967	270	5	Hosiery.

PLANTS FINANCED THROUGH REVENUE BOND ISSUES IN 1967—Continued

City	Company leasing building	Year of issue	Amount of issue (thousands)	Interest cost (percent)	Product
Florence	American Sign Industries	1967	\$200	5.8386	Signs.
Bowling Green	Wellington Electronics	1967	875	5.86	Anodized aluminum foils.
Hickman	Carborundum Co.	1967	3,600	5.86	Graphite products.
Wickliffe	West Virginia Pulp & Paper Co.	1967	80,000	5.15	Paper mill.
Mount Sterling	Hobart Manufacturing Co.	1967	4,200	5.12728	Home dishwashers.
Hopkinsville	Phillips Products Co.	1967	815	4.89	Plastic products.
Bowling Green	Wren Products Co.	1967	32	5.98	Desk accessories.
Morgantown	Weatherall Manufacturing Co.	1967	400	5.504	Rainwear.
Corbin	Wayne Supply Co.	1967	150	5.30	Construction equipment.
Do	American Greetings Corp.	1967	5,000	5.6506	Greetings cards.
Prestonsburg	U.S. Shoe Corp.	1967	900	5.49	Shoes.
Florence	American Book Co.	1967	2,000	5.913	Book warehouse.
Do	Interchemical Co.	1967	1,750	5.906	Carbon paper.
Do	Globe-Union, Inc.	1967	2,200	5.993	Plastic containers.
Harrodsburg	Textron, Inc.	1967	2,800	5.82	Bathroom accessories.
Florence	Hewitt-Robins, Inc.	1967	6,000	5.913	Conveyor systems.
Ashland	Pittsburgh Activated Carbon Co.	1967	10,500	5.73	Activated carbon.
Jeffersonton	Huttig Sash & Door Co.	1967	760	5.99	Windows, doors.
Stanford	George J. Mayer Co.	1967	1,150	5.575	Metal name plates, trim.
Dawson Springs	Otteneheimer & Co.	1967	250	5.999	Uniforms.
Warren County	Pedigo Pork Rind Co.	1967	100	6.0	Fishing bait.
Florence	Continental Electric Equipment Co.	1967	1,500	5.657	Power distribution equipment.
Total			160,792,000		

¹ Approximate.

MUNICIPAL INDUSTRIAL REVENUE BOND ISSUES, PROPOSED OR PENDING

City	Company	Jobs	Amount (thousands)	City	Company	Jobs	Amount (thousands)
Versailles	Kuhlman Electric	300	\$7,000	NKIF (Kenton County)	Signode	500	\$4,500
Hancock County	Southwire	1,000	90,000	Bardstown	Lily Tulip Cup	500	8,000
Lawrenceburg	Young Radiator	250	2,500	Smith's Grove	Kain Manufacturing Co.	400	250
Glasgow	Swift & Co.	40	1,200	Springfield	Grote Manufacturing	125	1,300
Elizabethtown	Company Confidential	100	12,000	Ludlow	Duro Paper Bag Manufacturing Co.	100	800
Frankfort	Bendix-Westinghouse	300	4,200	NKIF (Florence)	Levi Strauss	100	1,000
Somerset	Lear Siegler	300	750	Do	Inter-Chemical	100	1,500
Campbellsville	Copeland Refrigeration	300	3,000				
Richmond	Okonite	200	14,000	Total		4,615	152,000,000

Mr. COOPER. Mr. President, in conclusion, I note at page 108 of the hearings that representatives of the Treasury Department have estimated that the loss of tax revenue to the Department as a result of the tax-exempt status of industrial revenue bonds amounts to some \$50 to \$100 million annually.

When we compare this loss of tax revenue with the billions of dollars that the Federal Government is spending in the country on programs to assist in economically depressed areas and in its war on poverty, it is my view that we should not curtail the limited means at the disposal of local communities to attract new industry and new jobs not financed by the Government. If abuses have developed in the employment of this means of financing, then efforts should be made to cure or remove the abuses without eliminating the tax-exempt status of revenue bonds for industrial purposes. Where the program has been abused by its application to businesses which can carry the financing themselves or by a failure to set a top limit upon the amount of bonds to be issued in a single financing, corrections can be effected by the Congress.

TAX-EXEMPT MUNICIPAL BONDS

Mr. NELSON. Mr. President, with more than 40 States offering this municipal industrial financing, it is obvious that the decision to locate a plant in a particular locale will be motivated by other economic considerations, not the availability of this kind of financing.

Under present conditions, 40 States are diluting the value of the tax-exempt market with little economic justification.

Last year \$1.4 billion of these bonds was issued compared with \$0.5 billion the year before. The effect this is having on the legitimate municipal bond market

can be measured by the fact that for the last quarter of 1967, for the first time, municipal industrial financing was the largest single use of proceeds of newly issued State and local indebtedness.

This total exceeded even the combined debt issued to finance elementary, secondary, college, and university projects during this 3-month period.

The Investment Bankers Association has informed me that in my own State of Wisconsin, in the school district of Muskego-Norway, officials wanted to upgrade the school system and construct buildings costing \$3 million. On December 4, the school bonds were taken to market where they met with competition from \$500 million in municipal bonds. This was the heaviest day of bond sales of the year.

Two issues alone of industrial revenue bonds accounted for a great share of the total.

Only two bids were received for the Muskego-Norway school district bonds. The rates quoted were 4.96 and 5.14 percent—the highest ever. The rate up to that time had been below 4.62 percent.

The Wisconsin school officials had no choice but to reject the bids. They had to wait almost 2 months to go to market again, and then were successful in selling only one-half the issue, \$1.5 million, at a still excessive rate of 4.77 percent.

The day before yesterday my distinguished colleague from South Carolina, Senator HOLLINGS, said that his State was able to compete with her sister States in successfully attracting industry without the tax loophole.

Now, however, the flooding of the bond market has finally washed away the ability of the small rural towns to sell bonds for legitimate purposes.

He said one South Carolinian town

was unable to sell \$800,000 of school bonds, full faith and credit, at 5 percent, backed by a substantially and financially successful and stable community.

This will happen all over the country when the real value of the bonds is subverted for any industry on a come-one, come-all basis.

The \$1.4 billion sold in 1967 was even greater than all the municipal bonds sold to improve roads, bridges, and tunnels for the entire year and just slightly less than the \$1.8 billion of bonds sold for the entire year for sewer and water projects.

This is a national disgrace that major corporations around the country are rushing to use up the available limited municipal credit which could be used for essential public improvements.

Market experts have said that the large volume of these bonds last year had the effect of raising interest rates on normal municipal bonds from one-quarter to one-half of a percentage point.

If one projects this rate against the \$13 billion of normal public improvement bonds issued last year, the taxpayers of this country will experience the crunch of having to pay over the life of last year's bonds issues alone, about \$5 billion in excess interest costs.

The Curtis amendment attached to the excise tax bill was aimed at the Treasury Department for taking upon itself the jurisdiction of enacting rulings which belongs to the Congress.

Today the issue is clear; Senator RIBICOFF's amendment is aimed directly at the curbing of the abuse of these bonds. There are no side issues.

Last week the Director of the Bureau of Budget, Charles J. Zwick, told the Municipal Finance Forum of Washington that the competition in the bond field has raised rates to a new high of 4.43

percent—the highest in the history of the program—for public housing bond sale. In 1947 the annual average yield was 1.45 percent, 2.51 percent in 1956, 3.67 percent in 1966, and 3.74 percent in 1967. He said:

Any sizable increase in net offerings of tax exempts causes yields—the market measure of the cost of municipal financing—to rise more rapidly than yields on taxable obligations. This is because the tax exempt bond market at present yields is limited to buyers with relatively high marginal tax rates.

Senator PROXMIER'S Joint Economic Committee's study on tax exempts notes that the rapid increase in volume of municipal credit demands could exhaust the market from such buyers and cause yields of municipals to rise to as much as 90 percent of corporate yields, compared to the 75-to-70 percent ratios prevailing in the 1955-65 decade.

An even higher crunch will occur if we fulfill our obligation to provide 1.5 million additional units of public housing per year over the next 10 years. This we can expect to require municipal financing of about \$25 billion, or \$2.5 billion per year.

The President called for a total of 26 million housing units over the next 10 years to help meet the crisis of the cities in his message to the Congress.

This \$2.5 billion average per year over the next 10 years, to be financed through normal municipals, will cost considerably more when it enters the market looking for buyers.

Yesterday my office received a telegram from the Mortgage Bankers Association of America favoring the Ribicoff amendment. The National Association of Counties also endorses the amendment saying:

The unchecked issuance . . . poses a disastrous threat to the entire state and local government bond market.

Failure to enact this amendment will insure a "New War Between the States."

I ask unanimous consent that some telegrams, a letter, and an editorial be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WASHINGTON D.C.,
March 25, 1968.

Senator GAYLORD NELSON,
Senate Office Building,
Washington, D.C.:

The Mortgage Bankers Association of America favors legislation to prohibit the continued use of tax-free municipal bonds for the financing of industrial and commercial properties. We urge your favorable vote for the Ribicoff amendment to H.R. 15414 excise tax bill.

GRAHAM T. NORTUP,
Director, Governmental Relations.

WASHINGTON D.C.,
March 26, 1968.

Senator GAYLORD NELSON,
U.S. Senate, Washington, D.C.:

Federal tax exemptions granted municipal industrial bond financing create unjustified tax burdens on average taxpayer while giving unconscionable economic advantages to certain industries. These same industries may create intolerable hardships to the people of communities they leave without jobs, income, and tax revenues when they move to tax-favored locations. On behalf of the

more than six million members of the Industrial Union Department, AFL-CIO, I urge your support for the Ribicoff-Clark amendment to H.R. 15414 to limit this discriminatory tax exemption.

JACK BEIDLER,
Legislative Director, Industrial Union
Department, AFL-CIO.

WASHINGTON D.C.,
March 27, 1968.

Senator GAYLORD NELSON,
Washington, D.C.:

AFL-CIO strongly urges you support Ribicoff amendment to end tax-exempt status of so-called industrial development bonds. After 20 years of abuse, this tax loophole should be closed. Now that this tax-evasion device has been adopted by virtually every State, its attractiveness as a lure to industry is minimal but its cost to taxpayers and government is skyrocketing each month.

We favor new industry and plant expansion and more jobs, but the use of local governments' credit by corporations to escape their tax obligations is neither job-creating nor of financial benefit to communities. In fact, the rising cost of these bonds is forcing cutbacks in schools and public works thus causing substantial job losses.

ANDREW J. BIEMILLER,
Director, Department of Legislation,
AFL-CIO.

WASHINGTON D.C.,
March 26, 1968.

Senator GAYLORD NELSON,
U.S. Senate, Washington, D.C.:

On behalf of Amalgamated Clothing Workers of America, I strongly urge support for Ribicoff-Clark amendment to H.R. 15414, which would curtail use of tax-free municipal bonds for industrial financing. This practice results in wasteful transfer of jobs from one area to another disregarding broad human and economic consequences.

JACOB S. POTOFKY,
General President.

NATIONAL ASSOCIATION OF COUNTIES,
Washington, D.C., March 22, 1968.

Hon. GAYLORD NELSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: The irresponsible continuation of the unchecked issuance of Industrial Development Bonds poses a disastrous threat to the entire state and local government bond market.

We urgently request that no action be taken to reverse the Department of Treasury Regulation which would control this abuse unless such a reversal is accompanied by positive legislative action to likewise control the abuse.

The question as to whether this crisis should be handled by the administrative or legislative route should not be allowed to avoid the fact that corrective action must be taken now.

Sincerely yours,
BERNARD F. HILLENBRAND,
Executive Director.

[From the Post-Crescent, Aug. 2, 1967]
TAX EXEMPT BONDS FOR INDUSTRIES

Rep. John Byrnes of Green Bay has introduced a bill in the House which would stop federal tax exemption on the interest on state and municipal bonds used to construct industrial plants for private businesses. Mr. Byrnes, whose bill is cosponsored by nine other Wisconsin congressmen strikes at an abuse which has grown during recent years from a total of \$7 million in such bonds 16 years ago to an estimated \$1 billion this year.

In explaining the effects of the tax exemption, Mr. Byrnes points out: the United States Treasury loses millions in revenue which must be picked up from all taxpayers; states like Wisconsin, which is prohibited from floating bonds for businesses, lose in-

dustry to states with such schemes which this state's taxpayers help to pay for; and, finally, the interest rate on legitimate municipal bonds tends to rise as the industrial development bonds are put in competition with them in the market.

Thirty-five states, many of them in the south, now permit state or local governments to float bond issues for industrial development. Proceeds of the bond sale are used to build plants to the specifications of the new industry which are leased or sold to the business with the bonds secured by the lease or sale.

Mr. Byrnes emphasizes that he strongly supports the principle that borrowing by states and municipal governments is necessary to enable them to build such public service facilities as bridges, water works, industrial parks, municipal docks, parking authorities, recreation areas and the like. But he sees the industrial development bond scheme for what it is: an abuse of the principle of government bonding which could, if permitted to continue, jeopardize the whole idea of tax exemption for municipal and state bonds. The idea of tax exempt bonds cannot even be defended as helping underdeveloped areas. As Sen. Nelson of Wisconsin pointed out last March in attacking tax exempt borrowing to attract new industry, only two of 127 bond issues in 1966 were in areas which could be classified as depressed economically.

Rep. Byrnes' bill probably faces an uphill fight because 35 states use the tax exempt bond gimmick. It, however, deserves a full public hearing and action both to eliminate losses to the treasury of millions and the built-in discrimination against states where no such tax exempt bonds are permitted.

Mr. PERCY. Mr. President, I am very grateful that the distinguished Senator from Connecticut [Mr. Ribicoff] has proposed this amendment. And I am happy to join him as a cosponsor. I believe the amendment represents a very sound approach to a problem that has faced the Senate in two previous votes this year. It represents a balanced disposition of the question of the tax status of the income from municipal industrial bonds, and I hope it will be agreed to.

Mr. President, on behalf of my colleague, the most distinguished senior Senator from Illinois [Mr. DIRKSEN], I thank the Senator from Connecticut for accepting a change in his amendment which is a departure from the form of his original proposal. The exception relating to bonds for the construction of air and water pollution control is, we feel, responsive to a genuine need throughout the Nation. It will retain an avenue for immediate action against a very real and growing problem with which, it seems, everyone is much concerned, but upon which we are slow in mounting a meaningful attack at the grassroots level.

Mr. President, the citizens of the State of Illinois will vote on a \$1 billion general obligation bond issue this year. A substantial part of the proceeds of this issue will provide the means for financing water pollution control facilities so desperately needed in our State, particularly in the Chicago area. Many small communities have plans for similar issues, in order to match the State moneys.

An interesting possible application of this exception is described in a paper prepared by Mr. James H. McCall, of the corporate finance department of Good-

body & Co., in Chicago. But more important, the paper, delivered at a recent meeting of representatives of concerned organizations, outlines graphically the tremendous needs in this critical area of pollution control, not only in Chicago and Illinois, but in the Nation, as well. I ask unanimous consent that it be printed in the RECORD, together with the names of those who participated in the discussion of ways to meet this important need.

I urge Senators to vote for the Ribicoff amendment. I hope it will be agreed to.

There being no objection, the paper and list of participants were ordered to be printed in the RECORD, as follows:

A PLAN FOR ENVIRONMENTAL CONTROL FINANCING

(By James H. McCall, Goodbody & Co., March 12, 1968)

INTRODUCTION

The questions and problems of pollution control are being studied on all levels of government and business. The actual definition of many forms of pollution has yet to be agreed upon—the tolerable degree of effluent in one or another stream or airshed is governed by what is the best economic and social usage of each of those courses. Nevertheless, we know pollution has no benefits in itself, and it must be minimized to help control our environment and our ability to maintain our well-being.

The technological approach to these problems is properly being taken on an individual basis, and definitions of need, approach and attack proposed for each individual case are well delineated as to the micro-economics of that portion of the total system it is to satisfy.

But the economics of the whole of the communities' problems must be taken in more broadly in order to be realistic, and a macro-economic approach must be established in order to make full use of the most efficient application of any proposed solution.

THE FEDERAL GOVERNMENT'S ENVIRONMENTAL APPROACH

The federal government has quietly moved in this direction with the introduction of the two bills in the Senate for the organization of an Environmental Council, and with the President's latest message covering all aspects of environment and not one or another area—water, air or solid waste. Under these proposals, the respective Secretaries of Interior and Health, Education and Welfare would work in harness with the Council, and their respective efforts would complement one another. The highly interrelated problems of air pollution, water pollution and disposal of our solid wastes, which are complex in their creation, would likewise be approached and solved on an interrelated basis, in which the economics would play an important role. This broad approach must be made by the State and local governments as well as the Federal, if any progress will be made.

ACTION NEEDED NOW

Unless this broad base is created at the outset of the attack on local problems, some formidable and perhaps insurmountable obstacles will arise that will not permit the new pollution technology to be implemented. If industry and governmental officials do not take an initiative today to provide the proper economic vehicles for effective environmental control, the road to clean air and useful waters is going to be detoured through a sticky political swamp.

A PLAN FOR ACTION

What we are here today to propose to you and to ask your help on, is the creation of a new environment—if you will pardon the

pun—that of industry-government cooperation to give the existing regulatory agencies a real chance to do their job, and have some sound, business-like support to get it done; financial support that is not dependent upon relative needs dictated by political pressures, foreign aid, available taxes, or referendums; and operating support that is efficient, effective and comprehensive.

We have a plan which we think can provide Chicago and Illinois an opportunity to lead the nation by providing such a vehicle to aid in resolving problems of environmental control.

BACKGROUND

For over two years, we have intensively put our minds to questions of ways and means of meeting pollution problems. In connection with this, I have, on behalf of Goodbody, visited cities from coast to coast and have discussed first-hand with city officials and civic and industrial leaders the problems and difficulties which they have. We have explored approaches and concepts that might most quickly and most efficiently be employed to diagnose the particular pollution problems, what causes them, and on what economic basis they can be resolved. We are very much aware that new technologies are being developed to meet these problems. Implementing the new technologies requires the development of new methods of financing. Mr. Reilly of our firm is a nationally-recognized authority on developing and applying new municipal financing techniques.

NEEDS

First, what are our needs in Chicago and Illinois? It is conservatively estimated that during the next five years the capital requirements for pollution and environmental control merely to cover present rates of new construction in the Northeastern Illinois area will be at least 1.3 billion dollars. This figure is based on moderate population projections, the standard current per capita expense on water and sanitary facilities and the current share of industrial capital expenditures allocated to pollution control. This estimate does not take into account the development of new technologies or any acceleration in the rate of spending. On a statewide basis, far greater sums will be needed over the next few years.

On a national basis, the need for municipal and industrial water pollution control facilities over the next five years will require between 20 and 23 billion dollars. From that, we can also estimate that the share of water pollution control facilities in Northeastern Illinois alone could easily require one billion dollars or more.

INDUSTRY INCENTIVES

Since the huge investment required does not produce income for those private industries who must bear much of the cost, it is important that incentives be provided to induce maximum cooperation. Control of our environment is a public, as well as a private, responsibility; therefore, it is appropriate that public agencies cooperate with private industry in financing the cost. Only by sharing the load can there be an effective effort to obtain full use of our air, lakes, streams, and rivers. A good example of a joint effort is the low income dwelling rehabilitation now being undertaken by several major corporations and federal and local governments.

OTHER PROPOSALS

We have reviewed legislation and proposals under consideration in other states, such as Ohio, Nebraska and New York, and systems in other countries such as the Ruhr Valley in Germany. We have also studied the background on the proposition for referendum coming up this year in Illinois. We see some good ideas in all these plans but nothing comprehensive enough to provide a strong economic basis for the type of action that is

going to have to be taken. The provisions for real and practical incentives for industry to provide its own corrective systems are actually few, and industry needs these incentives, as well as regulations, to stimulate action on many of our most pressing problems.

THE PROPOSAL

Out of this research we think we have found a basis for financing of many of the needed environmental control projects, and we feel that we have developed a unique proposal which is simple, economical, efficient, and which will result in a minimal cost to the taxpayer. What we now propose is the application of the principles of municipal revenue bond financing to the problem of raising capital for pollution control not only for public agencies but also for private industry. This program is designed to meet the requirements of the Federal government for matching funds, and as outlined in the President's environmental message of March 8.

We asked our legal counsel, Mr. Richard G. Ferguson of Isham, Lincoln & Beale to prepare a draft of legislation to provide a vehicle for our plan. The legislation is now in draft form and can be readied to be introduced without delay at the forthcoming reconvening of the State Legislature.

Specifically, the legislation as drafted calls for the following:

1. The creation of local Environmental Control Districts. These districts would be created by counties acting either separately or jointly with other counties. In counties where a municipality has over one-third of the over-all population, the District would be established by joint action of the municipality and the county. These local districts would acquire air and water pollution control equipment and facilities for lease, contracts, or to provide services to private or public interests with pollution control problems. The local districts will also be authorized to provide disposal services for solid wastes arising from all pollution control efforts on a contract basis for other political subdivisions or for private industry.

2. The creation of a state level Environmental Control Commission. The purpose of this Commission would be to supervise and coordinate all pollution control policies and planning undertaken by local and regional agencies as well as by other state agencies. It would be composed of state agency officials, citizens, and representatives of the local districts. The Commission would issue and market state revenue bonds payable out of the pooled revenues produced by the lease or sale of the environmental control facilities and equipment or for services provided by any of these facilities, by the local districts. The proceeds from the sale of these bonds would be distributed to local districts in direct proportion to their actual capital needs to deal with their localized problems. By having the state agency market and issue the bonds backed by the revenue to be received by the local districts, the bonds could be issued in large enough amounts so as to provide the lowest net interest cost for the financing. The revenues would be further backed by guarantees of the leases to smaller firms under a lease guarantee plan developed and administered by the private insurance industry and the SBA. This would save substantial amounts for the community and for industry and the bonds would be readily marketable instruments. The Commission would also render technical and engineering advice to private industry and to government agencies to assist in determining the feasibility, capacity and necessity for various pollution control projects. This Commission would in no way replace or curtail the status or powers of any existing State or local agency, but would exist solely to provide an efficient, expedient and businesslike method of implementing their actions.

Our proposal is analogous to the financing

techniques used by the Public Building Commission for public agencies, and to the industrial aid bond technique in its application to private industry.

ADVANTAGES

Of course, the important advantage to private industry from this plan is the reduction in the cost of financing pollution control facilities through the use of the relatively low interest rate, tax free municipal bonds and the incentives of exemption from all property taxes on these facilities arising from public ownership. The advantage to the public from this proposal is clear; there would be an immediate opportunity to accelerate a major part of our pollution control efforts, no additional taxes need be imposed, and in fact, Illinois citizens could be relieved of many of the additional taxes contemplated by the bond referendum to solve a number of the pollution problems caused by the private sector of the economy.

It may be possible for the agency to develop income by reason of services it could also render to the municipalities and industry. This income could provide an effective offset to the costs of financing and the service charges to the municipalities and to industry, by providing them with credits on their payments.

COORDINATION WITH BOND ISSUE

This program would coordinate well with the one billion dollar statewide general obligation bond issue to be presented to the voters in Illinois in 1968. Since revenue bonds could provide a means to finance the bulk of pollution facilities required by private industry and the various local governments, that part of the proceeds of the statewide issue now intended to be used for such purposes would be substantially decreased. The state would then be able either to reduce the amount of bonds actually issued (thereby minimizing the taxpayer's burden) or apply more of the bond proceeds toward water resources and flood control projects. It would be helpful if some small portion of the proposed billion-dollar bond issue could be applied toward start-up operating costs of the various local environmental control districts which might be created. Thus, the funds to be available from the revenue bonds would be available *without* the statewide referendum and without the imposition of a statewide property tax.

EXAMPLE

As an example of the operation of the proposed legislation, suppose, that in Cook County a number of industries need facilities and equipment to meet the pollution control standards promulgated by various federal, state and local agencies. The tight money market with high interest costs makes it difficult and expensive for these private businesses to acquire the needed facilities themselves.

APPLICATION TO INDUSTRY

Under the proposed legislation the industries could lease the necessary equipment from the local Environmental Control District formed jointly by the County Board and the Chicago City Council. The facilities could thus be made available for the public benefit to the industries without impinging upon the capital resources needed by companies for regular business purposes. These facilities would become available to industry at an over-all lower cost due to the tax advantages of public bond financing and the economic advantages accruing from the local district providing pollution control facilities on a greater scale. The program would also be particularly consonant with modern business management attitudes toward the acquisition of nonproductive equipment, which is to have the use of such equipment by lease and not to tie up the working capital of the business for such reasons.

APPLICATION TO MUNICIPALITIES

By the same method, the District could purchase and lease facilities to a municipality or sanitary district that had reached its taxing limits, or for some other reason did not choose to issue additional bonds. These leases or term purchase arrangements are perfectly legal under current legislation, and can be paid for with user charges in many instances where taxes cannot be levied. The cost, because of the revenue pooling arrangements, and loan guarantee programs, may approximate what the municipality would pay on its own.

STATE ISSUES BONDS

The state Environmental Control Commission would then issue its revenue bonds based on the capital needs of the local district and the proceeds of the bonds would go in our example to the Cook County Environmental Control District to acquire or construct the necessary facilities to meet the local needs. The facilities could thus be made available to industry without any direct cost to the public and without additional taxation. By coordinating with the local district, the state agency could insure that local efforts would employ sound technology and responsible financing.

ECONOMIES

Moreover, by the coordinating of various individual pollution efforts, the local districts and the state agency could make additional economies available to the users by the sharing of some facilities among them wherever possible. The technical advice which could be offered by the state experts could result in more efficient implementation of technology as applied to the particular industries involved. For instance, new techniques are providing ways to recover many pollutants as useful raw materials which can be resold or recycled to offset the costs involved in pollution control. We have found in a Houston project we financed that material recycling now significantly off-sets operating costs with the re-use of 30% to 35% of the input volume. There are many instances where wastes and by-products of one industry become raw materials for another, only because the volumes were able to be coordinated and timed. It seems inevitable that additional discoveries of this type will be soon forthcoming. Thus, the industries receiving the control district facilities could be aided in making their own operations more efficient.

SOLID WASTE DISPOSAL

Another interrelated problem which plagues both industrial and municipal agencies is the problem of solid waste disposal which is not a part of the pending \$1 billion bond referendum. The combination of increased population and increased waste per capita presents an exploding and ominous problem that involves not only the treatment of residential and industrial wastes, but also that of getting rid of the final wastes after treatment. It is important that any solid waste program be coordinated with the air and water pollution control programs because generally the final product of these projects is an unwelcome sludge which is hard to dispose of in any volume. This problem of solid waste disposal is an area in which economies of scale are most evident. The greater the volume of solid wastes or sludge treated by a facility or to be disposed of, the lower the per-ton cost can be brought.

There are great opportunities for additional revenues and income to be generated here. Solely out of elimination of duplicate facilities, coordination of collection and transfer stations, and the economies of large volume material handling, the district could provide a cheaper service, yet generate income to reduce the overall costs of environmental control, compared to what would be the cost of handled with today's fragmented approach.

In addition, a major hazard could be averted in the regional systematizing of the ref-

use disposal problem which will become critical within a few years.

The City of Chicago now generates almost 3 million tons of solid wastes (excluding sewage sludges) each year. About 50% of this volume is exported for disposal in other areas. Of the 22 regions in Northeastern Illinois surveyed in 1963, 16 had less than 10 years life in disposal areas, and 10 are now exporting all refuse. In addition, only 28 of the 82 disposal facilities in the area were publicly owned, and no regulations exist on the rates charged by the private sites. In the last year, at least one of the major operators of these sites doubled his rates.

By closely coordinating with both public and private refuse operations, the District could provide regional disposal operations that would most efficiently take advantage of logistics, and provide the lowest cost, yet most up-to-date technological facilities for disposal of all solids generated with the Northeastern Illinois area. By operating as a profit-making operation, it could be self supporting, and maintain the lowest costs for the communities and industries it serves.

ASSISTANCE ON THE PROGRAM

The program we have developed reflects the thinking of many people, all of whom are willing to offer their time and talents to refine and perfect the programs and mechanics and to serve in any way to help implement it. We have the experience and background to bring to bear on the economics and legal aspects of the bond issues and can advise all state and local agencies involved. In addition, we at Goodbody & Co. are prepared to secure the assistance of the financial community to underwrite and distribute the bonds which will be issued by the Commission. All of us have developed this program together in order to bring the critical problem of environmental control into a solvable perspective and to provide a sound economic basis for our community to meet these challenges. We have discussed this concept in general with officials of several large corporations, engineers and civic leaders, with a uniformly positive response. We are confident that the support for this coordinated plan will be widespread and enthusiastic.

OPPORTUNITIES FOR CHICAGO

For Chicago in particular, we believe that this program will provide:

1. An acceleration of the implementation of needed pollution control and abatement methods.
2. The provision of a modern method of adequate financing in keeping with the ever-advancing state of the art of pollution control, by offering immediate, direct and attractive financial incentives to industry and the community.
3. Continued national leadership for the City of Chicago in meeting the growing challenge of urban and social problems. This program will demonstrate that this effort need not be based on property taxation and that it can be supported by industry. The program would be a model for others to follow.

PARTICIPANTS, ENVIRONMENTAL CONTROL FINANCING LUNCHEON, MARCH 12, 1968

Todd Cayer, Deputy Regional Construction Grants Program Director, Federal Water Pollution Control Administration, Chicago, Illinois.

Frank E. Dalton, Chief Engineer, Metropolitan Sanitary District of Greater Chicago.

Stephen Denning, General Partner, Goodbody & Co., Chicago, Illinois.

Robert G. Ducharme, Assistant Director, Northeastern Illinois Planning Commission, Chicago, Illinois.

Richard G. Ferguson, Partner, Isham, Lincoln & Beale, Chicago, Illinois.

James V. Fitzpatrick, Commissioner, Dept. of Streets & Sanitation, Chicago, Illinois.

James Flannery, Chief Economist, Federal Water Pollution Control Administration, Washington, D.C.

Robert Gentz, Vice President, Inland Steel Co., Chicago, Illinois.

G. Findley Griffiths, President, Interlake Steel Corp., Chicago, Illinois.

H. Harper, Vice President, Northern Illinois Gas Company, Chicago, Illinois.

E. F. Heizer, Jr., Assistant Treasurer, Allstate Insurance Company, Northbrook, Illinois.

Allen S. Lavin, Chief Counsellor, Metropolitan Sanitary District of Greater Chicago.

Richard C. Lonergan, Vice President, Allstate Insurance Company, Northbrook, Illinois.

James H. McCall, Corporate Finance Dept., Goodbody & Co., Chicago, Illinois.

Ronald D. Michaelson, Administrative Assistant, Board of Commissioners of Cook County, Illinois.

Morgan Murphy, Jr., Partner, Coughlan, McGlooin, Joyce & Murphy, Chicago, Illinois.

William F. Palmer, Engineering Consultant, Goodbody & Co., New York, New York.

Preston E. Peden, Director of Governmental Affairs Division, Chicago Association of Commerce and Industry, Chicago, Illinois.

James F. Reilly, General Partner, Goodbody & Co., New York, New York.

John R. Sheaffer, Research Associate, Center for Urban Studies, University of Chicago.

Charles F. Willson, Director of Area Development, Continental Illinois National Bank and Trust Company, Chicago, Illinois.

Richard A. Young, Manager, Institutional Department, Goodbody & Co., Chicago, Illinois.

Mr. MONRONEY. I yield back the remaining time.

Mr. RIBICOFF. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER (when his name was called). On this vote I have a pair with the distinguished senior Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. BYRD of West Virginia. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. LONG], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from New Mexico [Mr. MONTOYA] are absent on official business.

I also announce that the Senator from South Carolina [Mr. HOLLINGS], the Senator from New York [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. McCARTHY], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from New York [Mr. KENNEDY] would vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Arkansas [Mr. FULBRIGHT]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Arkansas would vote "nay."

On this vote, the Senator from South Carolina [Mr. HOLLINGS] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Rhode Island would vote "nay."

I further announce that, if present and voting, the Senator from Arkansas [Mr. McCLELLAN] and the Senator from New Mexico [Mr. MONTOYA] would each have voted "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from Arizona [Mr. FANNIN] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is detained on official business.

If present and voting, the Senator from Arizona [Mr. FANNIN] would vote "nay."

The pair of the Senator from Illinois [Mr. DIRKSEN] has been previously announced.

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Nebraska would vote "nay."

The result was announced—yeas 50, nays 32, as follows:

[No. 86 Leg.]

YEAS—50

Allott	Griffin	Moss
Bartlett	Gruening	Murphy
Bayh	Hart	Nelson
Bible	Hartke	Percy
Boggs	Holland	Proxmire
Brewster	Inouye	Randolph
Brooke	Jackson	Ribicoff
Byrd, Va.	Javits	Russell
Cannon	Jordan, N.C.	Scott
Case	Jordan, Idaho	Smathers
Church	Kennedy, Mass.	Spong
Clark	Kuchel	Symington
Cotton	Magnuson	Tydings
Dodd	McGee	Williams, N.J.
Dominick	McIntyre	Williams, Del.
Fong	Metcalf	Yarborough
Gore	Mondale	

NAYS—32

Alken	Hatfield	Muskie
Anderson	Hayden	Pearson
Bennett	Hickenlooper	Prouty
Burdick	Hill	Smith
Byrd, W. Va.	Long, La.	Stennis
Cooper	McGovern	Talmadge
Curtis	Miller	Thurmond
Eastland	Monroney	Tower
Ellender	Morse	Young, N. Dak.
Hansen	Morton	Young, Ohio
Harris	Mundt	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Baker, against.

NOT VOTING—17

Carlson	Hruska	McClellan
Dirksen	Kennedy, N.Y.	Montoya
Ervin	Lausche	Pastore
Fannin	Long, Mo.	Pell
Fulbright	Mansfield	Sparkman
Hollings	McCarthy	

So Mr. RIBICOFF's amendment was agreed to.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE and several other Senators moved to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. RIBICOFF. Mr. President, I move to make this amendment a part of the original bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from Connecticut.

The motion was agreed to.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. PROXMIRE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 675

Mr. RANDOLPH. Mr. President, I call up my amendment No. 675. The amendment is at the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The ASSISTANT LEGISLATIVE CLERK. The Senator from West Virginia [Mr. RANDOLPH] proposes an amendment for himself, Mr. BYRD of West Virginia, and Mr. MUSKIE, beginning on page 4, line 9, to strike out all to and including line 16, page 6.

The language proposed to be stricken out, is as follows:

SEC. 3. MORATORIUM ON PUBLIC WORKS PROJECTS.

(a) (1) Notwithstanding any other provision of law, no Federal department or agency shall, during the period in which this section is in effect—

(A) initiate the planning or construction of any public works project (including projects for recreational facilities but excluding projects for highways), or

(B) make any grant to any State or local government agency for initiating the planning or construction of any such public works project.

(2) Upon request of the head of the Federal department or agency concerned, the Director of the Office of Emergency Planning shall investigate a public works project with respect to which paragraph (1) applies for the purpose of determining whether the delay in planning or construction of such public works project required by paragraph (1) will cause irreparable damage to the public health or welfare. If with respect to any planning or construction of any such public works project, the Director determines that such delay will cause such irreparable damage, paragraph (1) shall cease to apply with respect to such planning or construction effective on the date on which the Director publishes such determination.

(3) The Director shall report, from time to time, the results of his investigations and determinations under paragraph (2) to the President and the Congress.

(b) (1) The Director of the Office of Emergency Planning shall make an investigation of all public works projects (including projects for recreational facilities but excluding highway projects), the planning or construction of which has been initiated on or before the date of the enactment of this Act and is being carried out by a Federal department or agency or by a State or local government agency with Federal assistance, for the purpose of determining what planning and construction on such public works projects can be temporarily halted without causing irreparable damage to the public health or welfare.

(2) Notwithstanding any other provision of law, no Federal department or agency shall—

(A) continue any planning or construction, or

(B) make any grant (or payment of a grant previously made) to any State or local government agency for continuing any planning or construction,

which the Director determines under paragraph (1) can be so temporarily halted, during the remainder of the period in which this section is in effect beginning with the day

after the date on which the Director publishes such determination.

(3) The Director shall, as soon as practicable, report the results of his investigation and determinations under paragraph (2) to the President and the Congress.

(c) This section shall apply during the period beginning on the day after the date of the enactment of this Act and ending on the last day on which the tax required to be deducted and withheld on wages under section 3402 of the Internal Revenue Code of 1954 includes any amount attributable to the tax surcharge imposed by section 51 of such Code.

The PRESIDING OFFICER. Who yields time?

Mr. RANDOLPH. Mr. President, yesterday afternoon I placed on the desk of each Senator a brief memorandum setting forth some of the implications of section 3 of the Williams-Smathers amendment, the "Moratorium on Public Works Projects."

In the memorandum I indicated that there was a need for clarification of some of the subject matter which had been acted on in the Senate in prior votes.

This afternoon I want to further clarify the memorandum and to enlarge upon it. I am very grateful for the privilege of discussing this amendment, which is cosponsored by my able colleague, Senator BYRD of West Virginia, and Senator MUSKIE of Maine.

I shall address myself first to the comments of the Bureau of the Budget concerning this section in reply to a request of the Committee on Finance, chaired by the able Senator from Louisiana [Mr. LONG]. That request was in connection with a report on S. 2902, a bill introduced by the distinguished Senator from Delaware [Mr. WILLIAMS], which contains essentially the language embodied in section 3 of the pending measure, sponsored by Senators WILLIAMS of Delaware and SMATHERS.

The proposed moratorium is offered as an economy measure. However, I think Members of the Senate who are conversant with the construction activities of the Federal Government are aware that a stop-and-go approach is infinitely more costly than the orderly procedures established by the Congress to guide the administration of these programs.

In this regard, the Bureau of the Budget commented in the following words:

The proposed moratorium on public works projects would be costly and difficult to administer. It would require uneconomic actions to stop many worthwhile projects already underway if large reductions in expenditures were to be achieved.

That is the end of the quotation from the Bureau of the Budget in reporting on the original bill offered by the Senator from Delaware.

Senators have previously heard during the debate on this matter references to the action by President Truman in curtailing public works construction during the crisis in Korea. However, I would point out that even during that period, when the relative wartime demands on the economy were much greater than they are today, the actions of the administration were far less stringent and extreme than those that are proposed in the pending measure.

Mr. President, to quote again from the report of the Bureau of the Budget:

Contracts were generally allowed to be completed on less essential projects before placing the projects on the standby basis. The present bill would require cancellation of existing contracts.

I underscore that language. The present bill would require cancellation of existing contracts.

The report of the Bureau of the Budget refers to five specific difficulties created by the language proposed in section 3 of the pending measure.

First, economically it would be very costly and wasteful to the Federal Government and to our State and local governments, for it would require additional costs to place projects on a standby basis, and would subject Federal agencies to damage claims for the cancellation of construction contracts.

Second, cancellation of planning on projects would be severely damaging. I think this is important to underscore—not only the projects that are in being, but the projects that are in the planning stage would be affected. This would of course damage programs of the Federal Government as well as State and local programs, and would result in the loss of highly skilled planning staffs, who could not readily be recovered for work after July 1 of 1969, when the moratorium would presumably be lifted.

It would be doubtful, of course, just how quickly we could pull those people back. But I think it is even more important to note that a moratorium on planning would be in direct violation of the recommendations of the Bureau of the Budget to maintain a high level of planning activity at periods of relative cutbacks in construction level, so that these highly skilled teams can be held together.

Third, the Bureau of the Budget criticized the language of S. 2902 as not having clear definitions. The pending measure, I say, has not been improved—and I say that with good conscience and good grace—in this regard. The concept of irreparable damage to public health and welfare is probably without meaning, since it is doubtful that anyone could make a judgment that the failure to con-

struct a hospital or to build a dam or to erect a vocational educational facility would be damaging beyond repair to the public health or welfare.

Fourth, I quote again from the report of the Bureau of the Budget:

Investigations of the projects being planned or under consideration before a determination to stop a project would require a time-consuming investigation period. The application of the moratorium to all going projects could well take several years, by which time some of these projects would already be completed. If an investigation of going projects were to be required, it is questionable whether OEP is the proper agency.

Of course, I too think the Office of Emergency Planning, without disparagement of it, is not the agency with which the authors of the amendment should have entrusted the making of decisions. But, to continue—

It is questionable whether OEP is the proper agency to review agency proposals and make the final determination as to what is essential to the public health and welfare.

Finally, there is a serious question of equity involved in section 3, since many of the programs which would be covered by the proposed moratorium are identical to programs financed with Federal loans, which would not be affected.

I now direct the attention of Senators to the all-encompassing scope of the term "public works." As I have stated in the memorandum to which I have called attention, title 40, United States Code, section 460, defines public works as "any public works other than housing."

The Special Analyses of the Budget of the United States for fiscal year 1969 has a separate chapter entitled "Federal Activities in Public Works." I call attention to table G-2, page 79, which presents a summary of direct Federal public works expenditures in 1969 under new obligational authority. I remind Senators that this table includes none of the Federal grant-in-aid programs. I shall not read it, but I ask unanimous consent to have printed in the RECORD the entire list, presented in table G-2, page 79 of the aforementioned document.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE G-2.—DIRECT FEDERAL PUBLIC WORKS—EXPENDITURES AND 1969 NEW OBLIGATIONAL AUTHORITY, BY AGENCY FROM FEDERAL FUNDS AND TRUST FUNDS

[In millions of dollars]

Type of program and agency	Expenditures			New obligational authority, 1969 estimate
	1967 actual	1968 estimate	1969 estimate	
Civil public works:				
Forest Service	112	137	123	139
Corps of Engineers—Civil	1,057	1,022	923	894
Public Health Service	36	47	48	30
Social Security Administration (trust funds)	1	8	26	26
Bureau of Indian Affairs	56	58	55	52
National Park Service	52	54	51	13
Bureau of Reclamation	231	210	215	202
Bonneville Power Administration	106	115	116	114
Post Office Department	43	42	88	130
Coast Guard	29	34	70	52
Federal Aviation Administration	62	79	102	71
General Services Administration	239	214	172	61
National Aeronautics and Space Administration	289	160	76	45
Veterans' Administration	60	59	66	34
Tennessee Valley Authority	183	249	263	28
Other	196	218	213	87
Subtotal, civil public works	2,752	2,706	2,607	1,978

TABLE G-2.—DIRECT FEDERAL PUBLIC WORKS—EXPENDITURES AND 1969 NEW OBLIGATIONAL AUTHORITY, BY AGENCY FROM FEDERAL FUNDS AND TRUST FUNDS—Continued

[In millions of dollars]

Type of program and agency	Expenditures			New obligational authority, 1969 estimate
	1967 actual	1968 estimate	1969 estimate	
National defense public works:				
Army.....	447	786	604	691
Navy.....	523	177	356	372
Air Force.....	550	568	438	278
Interservice activities.....	80	90	134	79
Civil defense centers and shelters.....	1	2	6
Atomic Energy Commission.....	130	161	245	353
Subtotal, national defense public works.....	1,731	1,784	1,783	1,773
Total, direct Federal public works.....	4,483	4,489	4,391	3,752

Mr. RANDOLPH. I mention the Forest Service as an example. There was mention, earlier today, by the Senator from Washington [Mr. MAGNUSON], the chairman of the Committee on Commerce, concerning programs in the Forest Service.

The Public Health Service, the Bureau of Indian Affairs, the Bureau of Reclamation, the Coast Guard, the National Aeronautics and Space Administration, the Veterans' Administration, and others—some 18 or 20 in all—have civil works construction programs. Those civil public works activities are under planning and construction, and would be killed by the moratorium which is envisaged in the Williams-Smathers amendment.

The total expenditures in 1967 for all of these agencies, some of which I have mentioned, were \$4.483 billion. The estimated expenditures for fiscal year 1968 are \$4.489 billion.

Because of the timelag between the obligations, the expenditures, and the completion of construction, in all probability a large part of the funds for fiscal 1967 and possibly all of the funds for fiscal 1968 are still under contract, and much of this contracting would have to be postponed, under the terms of the moratorium proposed in section 3 of the amendment of the Senator from Delaware and the Senator from Florida.

I thus point out again that the proposed moratorium would make a shambles of the activities of every major agency in the U.S. Government engaged in construction.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. CHURCH. Mr. President, will the Senator be kind enough to explain to me precisely what his amendment would do with respect to the moratorium?

Do I correctly understand that the Senator's amendment would exempt construction contracts that are underway, that have been started but are incomplete?

Mr. RANDOLPH. The Senator is correct. I would delete in its entirety section 3 from the bill.

Mr. CHURCH. How would the Senator's amendment affect new starts in the field of construction?

Mr. RANDOLPH. The administration would be able to go ahead with the planning and construction of projects that have been authorized by the Congress

and for which funds have been or will be appropriated.

Mr. CHURCH. Would it be possible, also, if the Senator's amendment is agreed to, for new construction starts to begin in the coming fiscal year?

Mr. RANDOLPH. It would be possible, though I think that would be very improbable. I point out that the administration's proposed budget for fiscal year 1969 has already cut deeply into these programs, and, of course, the Appropriations Committees will exercise their judgment on these matters.

Mr. CHURCH. I thank the Senator.

Mr. RANDOLPH. Mr. President, the effect of this amendment cannot be determined as we discuss it on the floor of the Senate.

To consider only one small item that would be affected, I call the attention of the Senator from Idaho to the construction involved under the general item of Corps of Engineers, Civil Functions, appropriations. I refer to a request for \$904 million. Out of that total, about \$100 million can be classified as controllable. The remainder will be required for payment under existing, continuing contracts or for the initiation of other phases of the work which, if not awarded, would require the contracting officers to stop work on the existing contract.

Let us suppose that there is a valid contract for the construction of a dam. Unless contracts are amended for the necessary relocation of the facilities which would be flooded by the impoundment, the Corps would have to suspend the contract to closure in order to avoid damages to a highway, let us say, or to property located within the reservoir or lake area that has not yet been acquired.

Very few if any of these public works projects would qualify as being essential to the public health or welfare. However, the cancellation of the existing contracts in the guise of saving money could be very expensive to the Government and to the taxpayers of the United States and would defeat the very purpose which the authors of the pending measure seek to serve.

I feel that it should be rejected.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. RANDOLPH. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from West Virginia has 10 minutes remaining.

Mr. RANDOLPH. Mr. President, I refer to the grant-in-aid programs for such projects as water and sewage treatment. This will be discussed in greater detail by the able Senator from Maine [Mr. MUSKIE], chairman of the Subcommittee on Air and Water Pollution. I refer also to the programs for vocational schools, public hospitals, medical health centers, and airports, all of which would fall under the proposed moratorium.

How many Senators are aware at this point that 41,000 persons are employed at the J. F. K. International Airport in the New York City area in both direct and indirect employment? It is the largest single employer at one site in New York City.

We have to think in terms of a continuing program and facilities for the movement of aircraft so that we may not only move people and products, but may also consider the safety of the people of the United States. Certainly their safety should be protected.

I remind the Senate that the several States and thousands of counties and municipal governments have already made their financing plans and predicated those plans on the good faith of the Federal Government.

The Federal dollars to be expended for such projects are to be matched in many instances by funds raised by bond issues that have not been easy of passage at the local and State level. This applies equally to projects that are already under construction as well as to those authorized and in the planning and preplanning stages mentioned by the able Senator from Idaho.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. LONG of Louisiana. Mr. President, the Senator is to be applauded for offering this amendment. The cosponsors are also to be commended.

In the absence of the Senator's amendment, if the Williams-Smathers substitute should prevail, public works, a very ancient and honorable undertaking of the Government, would be placed in an inferior status in comparison with other kinds of spending for the Great Society. Let it be understood that I am not here to criticize the Great Society programs, I voted for most of the programs suggested by President Johnson. I refer to programs such as VISTA, Headstart, the poverty program, and the various other related programs. I assert, however, that no evidence can be produced to prove that they are any more worthy than the many desirable public works projects.

Is it not correct that, without this amendment, desirable public works, properly recommended and voted on by Congress and for which money would otherwise be appropriated, would be placed in a status inferior to that of other types of spending?

Mr. RANDOLPH. Mr. President, I agree with the statement of the Senator from Louisiana that the so-called old line programs are valuable. They have been tested. However, there is a mixture involved here. We find that the mental health facilities, vocational education, and higher educational facilities are also

involved. I think we might call these a part of the Great Society. However, there is no need to downgrade other programs that have been proven over the years, programs of which Congress has a commitment and, in fact, a responsibility. We must be responsible to the American people.

I agree with the statement of the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, is it not the case that all programs proposed in the budget will be carefully scrutinized by the Senate, including the public works recommendations? Naturally, the latter are likely to be cut below the President's recommendations, as are a lot of other requests. However, is not the amendment proposed as a substitute for the pending bill guilty of the charge that it overkills? It just kills all public works in sight. A conscientious administrator would be forced to stop virtually all activity under the language of the amendment.

Mr. RANDOLPH. The Senator is correct. It is sad to say it, but this is a meat approach rather than the approach of a careful and skilled surgeon in an attempt to find whether there might be improvements made or programs eliminated.

Mr. LONG of Louisiana. It is an overkill. What conscientious administrator could certify that any delay in a particular program would irreparably damage public health or welfare? When could he say that if we spend money later, even if it costs three times as much later, we could not possibly overcome the damage that had been done?

Mr. RANDOLPH. It could not apply. The Senator is correct. I agree with him completely.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. MONRONEY. I am distinctly disturbed about a reference that this bill would do serious damage to our greatly needed airport program and would further postpone, for a period of many, many months, even the projection of planning for and getting ready for the construction of airports.

The Senator, who was active in writing the general airport bill when President Truman was in office, and who is completely familiar with this matter, knows that usually there is a period of perhaps 6 years between the inception of an airport and the time it is receiving planes.

As I read this amendment, we would jeopardize the program, for whatever period this freeze is on, or whatever the disposition is of the genius who is set up to administer it and to decide what is right and what is wrong with respect to public expenditures.

Can the Senator from West Virginia inform me as to the situation?

Mr. RANDOLPH. The Senator is correct. It takes 3 to 5 years to do an airport project. We know that, and we know that the needs run into the thousands—not only for the convenience and the comfort but also for the safety of the people of the United States as they move about, and also for the products that are shipped by the people of this country.

I referred earlier to the employment of 41,000 persons at J. F. K. International Airport, just to show the impact of this industry.

I believe it is also important to show the airline passenger growth in this country. In 1967, we had 126 million passengers on our scheduled airlines. The projected figure for 1973, as the Senator knows, is 248 million passengers, and by 1979 we project 444 million passengers.

America needs, as the Senator from Oklahoma has said, a continuing program of improvements for the convenience, comfort, and safety of the American people.

Mr. MONRONEY. The Senator is correct. He is aware—I presume he has referred to it—that the 747 jumbo jet will be unloading 450 people from its doors when it lands at the already overcrowded facilities in many cities, on the already overtaxed runways, and the same situation will apply to the 250-passenger DC-10, and the Lockheed Sky Bus, the 1011.

Mr. RANDOLPH. The FAA construction program in 1967 was only \$62 million, and the projected figures are \$79 million for 1968 and \$102 million for 1969. Even these amounts, while substantial, are inadequate to meet our air transportation needs. The Senator knows that to be true.

Mr. MONRONEY. The program would be jeopardized unless the amendment is adopted.

Mr. RANDOLPH. Yes.

Mr. President, is the Senator from Maine [Mr. MUSKIE] in the Chamber?

Are we limited to 1 hour on the amendment?

The PRESIDING OFFICER. That is the time limitation on the amendment. The Senator has 1 minute remaining.

Mr. WILLIAMS of Delaware. Mr. President, I will have control of the time in opposition to the amendment. I shall not need the full 30 minutes to explain my position. If the Senator from West Virginia needs an extra 5 minutes, I will yield him 5 minutes of my time at this time or later, although I shall oppose his amendment.

Mr. RANDOLPH. I believe that the Senator from Delaware might well proceed at this time, and then we could, by his gracious consent, give the Senator from Maine an opportunity to speak. Could that be done?

Mr. WILLIAMS of Delaware. I will yield 5 minutes to the Senator from Maine at this time, if he wishes, or I will yield the time later.

Mr. MUSKIE. It might be just as well if the Senator went ahead at this time, and I will take my time later.

Mr. WILLIAMS of Delaware. All right.

I yield myself 10 minutes at this time.

Mr. President, the Senator from West Virginia has very properly pointed out that the Bureau of the Budget objects most strenuously to this amendment, which is in the Williams-Smathers package. There is no question about that. I spoke with the Director of the Budget yesterday at noon; in fact, I spoke with him several times in the last few days. I asked him particularly, after the Senate had had a couple of votes of rather great importance in connection with this

bill, just what the position of the administration was in connection with the package before the Senate.

Mr. Zwick, the Director of the Budget, made it clear that the administration is unalterably opposed to the package before the Senator. They said they would like to have a tax increase, but they are unalterably opposed to each and every section in the bill—1, 2, 3, 4—which has any connection at all with controlling expenditures, not only the section with respect to public works, but the one with respect to controlling employment as well. They are against any control of or a ceiling on expenditures. They are against every proposal in this package which deals with controlling expenditures. They gave me the clear impression that they will do everything they can to defeat it. So there is no question about their position. We are in complete agreement that the Johnson administration is definitely opposed to any control of or any reduction in spending, but they do want the tax increase.

The suggestion has been made that the language is not quite proper and that the bill is not well drawn. I introduced this bill on January 31, and within 24 hours I submitted it to the Director of the Budget and asked him for their comments together with their recommendations for any change in the language. As of this moment, with but one exception, I have not received any suggestions for changes in the language, and I am glad to make that exception because it tightened the language.

They said—as the Senator from West Virginia pointed out—on page 4, line 16, after the word “grant,” we should have included “loan”; otherwise, some of them would be left out. So an amendment will be offered in a moment which will put loans in since it was intended that they be covered in the first place. That was an unintentional omission on our part.

I thank the Budget Bureau for giving us that very constructive suggestion to tighten the language. That will be done, so it will be all inclusive.

With respect to the suggestion that the language is cloudy I was asked, “How do you define ‘project’ and how do you define ‘public works’?”

This afternoon an argument is made that the language embraces all the employees at Kennedy Airport, and they now claim that 41,000 people are working there who would be seriously jeopardized and that thousands of people and the great growth of airports would be jeopardized. That is a ridiculous argument.

In fact, I wonder if the Senator from West Virginia, speaking for the administration, overlooked one point he could have made. Our population during this period has been growing at the rate of 2½ billion a year. I suppose some will argue that, too, will be jeopardized if we cut back on spending, because it is the only thing I know of, except the kitchen sink, that was not thrown in as an objection to this proposal. Then we hear the argument that the word “project” is not defined.

Now any bureaucrat or any Member of Congress knows what a public work project is. The word “project” is defined

in Webster's Dictionary. One definition is that a project is a plan or a proposal, a planned undertaking. Another definition for the same spelling—pronounced differently—is to throw away or to cast about.

I do not know whether they figure that these projects are something the administration wants to throw away. Maybe that has been the confusion. If the words "public works" are put in front of it, it merely means that it is a public works project and that the American taxpayers are paying for it. Every Senator knows that.

The Senator from West Virginia has enumerated the sewerage and the airports as projects that would be stopped, and there are those in the executive branch who use the same argument. But I will say that the executive branch never raised one question about these projects being involved until this week when the Senate rejected the Long amendment to delete them from the bill.

They were so sure they were going to knock it out that they did not bother to raise a question. Then, and only then, did they suddenly come up with a list of projects that they claim will be affected.

I am reminded of what happened a couple of years ago when we were debating in the Committee on Finance—the chairman will remember this—about whether or not we should extend the debt ceiling by a certain amount. The Secretary of the Treasury, in order to stimulate interest in Congress, made the statement that if Congress did not give them what they asked for by a certain date every social security check in America and all veterans pension funds were going to be stopped. He later admitted that was an off-the-cuff statement and that it was ridiculous and absurd. Veterans benefits are payable under law and the social security checks come out of a trust fund. Neither of those benefits would have been affected by the delay. Those were scare tactics which were being employed then, and that is what we are seeing here this afternoon.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in just a moment. To reach a compromise the Senator from Florida and I have agreed to reduce the coverage to those projects which are new starts. The part of the amendment in which we were primarily interested was new construction and new starts. We will compromise on this basis.

In a moment we are going to offer as a substitute an amendment which would confine this moratorium solely to new starts, which will eliminate all of the argument we have just heard. It would limit the proposal to new projects started from here on.

Even then, if the Office of Emergency Planning decided that a continuation or initiation of that project was in the best interests of that country it could go ahead.

The suggestion was made that the Office of Emergency Planning was not the proper agency. I do not care what agency

is named. If anyone has a better suggestion I would accept it. I did ask the administration which office they think would be most appropriate to which to delegate this authority.

While it was clear that they were against the amendment, they said the Office of Emergency Planning was the most appropriate agency if it were to be approved. It was on their suggestion that we put in the Office of Emergency Planning. As I have said, if any Senator has a better suggestion I would welcome it.

But let us face it, this argument, like the others, was only an excuse to object to a plan they were determined to oppose anyway.

Confining the amendment solely to new construction projects would achieve the objective we seek and at the same time it is a proposal which the administration has said they could live with.

Mr. MORSE. Mr. President, will the Senator yield to me for 4 minutes? I am on the other side, but the Senator from West Virginia [Mr. RANDOLPH] has no time remaining.

Mr. WILLIAMS of Delaware. I would be glad to yield to the Senator from Oregon for 4 minutes if he will wait for a moment.

Mr. MORSE. I am sorry. I thought the Senator had completed his remarks.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Is it the proposal of the Senator from Delaware that his amendment would allow the administration to go forward with all projects which have already been approved and which are underway?

The PRESIDING OFFICER (Mr. MONDALE in the chair). The time of the Senator has expired.

Mr. WILLIAMS of Delaware. No, Mr. President. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has used 10 minutes of his 20 minutes. The Senator has 10 minutes remaining.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 6 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 6 additional minutes.

Mr. LAUSCHE. Mr. President, is it the position of the Senator from Delaware that those projects which have been planned and are underway shall not be interrupted by his amendment?

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. LAUSCHE. And even beyond that, new projects which the Office of Emergency Planning deems are in the interest of the country in the nature of new projects may go forward.

Mr. WILLIAMS of Delaware. The Senator is correct, just as they had under President Truman during the Korean war.

Mr. LAUSCHE. Is it the position of the Senator from Delaware that the stability of the dollar is of such grave importance that we must do something to demonstrate to the world that the Congress of the United States and the administration contemplate following the

fiscal policy that will establish stability to the dollar?

Mr. WILLIAMS of Delaware. The Senator is correct. If we are going to start exempting public work projects the next step would be to exempt education, poverty programs, foreign aid, and agriculture. If we start this practice of exemptions we would be defeating the purpose of the bill.

Mr. SMATHERS. Mr. President, will the Senator yield to me for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. SMATHERS. It is also a fact, is it not, that Secretary Fowler, in commenting with respect to this kind of amendment we are now talking about said—and I shall read the letter into the RECORD because I think it is important:

The proposed moratorium on public works projects would be costly and difficult to administer. It would require uneconomic actions to stop many worthwhile projects already underway if large reductions in expenditures were to be achieved.

Those were his comments on the proposal to impose a moratorium on all public works projects.

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. SMATHERS. Mr. Fowler further said:

The intent of S. 2902 in restricting new public works construction starts may be only slightly more limiting than the President's recommendations in the 1969 budget. The budget proposes very few new direct Federal projects other than those essential to the national defense and health and welfare of the public and, holds going work to a minimum level.

The effect of what the Secretary of the Treasury said was that while there would be great difficulty in limiting those public works projects which are underway and for which money has been appropriated, he would be for a proposal if ongoing projects were excluded from the amendment, as we have now recommended, and limited to new starts. At least indirectly this seems to be the effect of his statements.

Mr. WILLIAMS of Delaware. The Senator is correct. It would be slightly more limiting only to the extent we would write into law.

Mr. SMATHERS. Rather than by Executive order.

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. JORDAN of Idaho. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. JORDAN of Idaho. I understand the Senator's amendment would prohibit construction of new projects. Would the amendment in any way prohibit the planning?

Mr. WILLIAMS of Delaware. No. That question was raised by the Senator from South Dakota earlier. He made an excellent point that it would be a good idea to continue the planning so that when this emergency is over they could have these plans on the drawing board. I discussed this with the cosponsors, and we agreed that this was a small point. We would allow them to plan, but the plans would be held in abeyance until the war is over and our budget

more nearly under control. This would not restrict planning.

Mr. JORDAN of Idaho. With the understanding that planning can go forward I am pleased to support the amendment.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Assume there is a bridge vitally needed because of the dilapidated condition of the existing bridge and the inadequacy of an existing bridge to serve the needs. Would the Emergency Planning Commission under the proposal of the Senator have the right in that instance to say that this is in the interest of the security and the economy of the country and allow it to be built?

Mr. WILLIAMS of Delaware. Surely, they could. It is intended that they could.

Mr. COOPER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. COOPER. Senator LAUSCHE has clarified an important point. Bridges which fall or become dangerous will be reconstructed.

Mr. WILLIAMS of Delaware. Surely, they can. Buildings can also burn down, and they will have to be reconstructed. We cannot stop everything.

Mr. COOPER. I have the honor to serve as the ranking Republican member of the Committee on Public Works. I serve also on the Appropriations Subcommittee for Appropriations of public works. I should like to say that no one holds the chairman of the Senate Public Works Committee, Senator RANDOLPH, in higher regard than I. No one has provided more effective leadership for the construction of necessary public works than the Senator from West Virginia.

It is difficult for me to disagree with him on this subject, for we have worked together for many years, but, taking into consideration the critical financial condition of our country, the most critical I have known during my service in Congress, the war in Vietnam, the absolute necessity of getting our house in order, by the control of expenditures and the levying of taxes, to halt inflation, to prevent the drain of our gold, and to establish the confidence of the world in our financial situation, and the dollar, every program must take some reductions.

If we have to make a choice between public buildings and public works as against human needs, I want programs for human needs to be preserved.

Therefore, I shall vote for the amendment of the Senator from Delaware [Mr. WILLIAMS] and against the amendment of the Senator from West Virginia [Mr. RANDOLPH].

Mr. WILLIAMS of Delaware. Mr. President, I yield 4 minutes to the Senator from Oregon [Mr. MORSE].

The PRESIDING OFFICER. The Senator from Oregon is recognized for 4 minutes.

Mr. MORSE. Mr. President, the language of the Williams amendment No. 662 states in section 3 that there shall be a moratorium on the initiation of all public works construction by the Federal Government, or by any State with Federal money, excluding highways.

The moratorium itself would mean disaster to education, health, and many of the activities of all levels of government. Only if the Office of Emergency Planning were to make general exceptions, as it is empowered to do, would the impact of this provision be alleviated. Yet the Office of Emergency Planning must make a finding that a delay in planning or construction of such a facility would "cause irreparable damage to the public health or welfare."

I find that in Vietnam pacification spending, we allocate and appropriate funds for planning and construction of many structures far less important to the people of Vietnam than are the structures forbidden the American people by this amendment. The theory of pacification in Vietnam is that we have to create a feeling of loyalty to their Government on the part of the local people. They do not have it; we have to create it with American money spent for schools, public markets, hospitals and other medical facilities, and housing.

Sidney Roche, the retired lieutenant colonel and a civilian adviser who has resigned for lack of confidence in our pacification program, cites among the instances of corruption he could no longer stomach the furnishing of cement for the patio of a province chief's brother-in-law.

It is not as though we were helping the people of Vietnam at this expense to ourselves. We are forcing our help on them, in the effort to create a feeling of nationality and cohesion with the government in Saigon that does not exist.

I simply cannot imagine what obsession we are developing when we think we have to suspend all construction by the Federal Government here in the United States in order that we can continue planning and initiating the construction of the same projects in Vietnam.

What we have in connection with the 10-percent surtax is the same situation. We all know that a tax increase is the price the European central banks are exacting as the price for stopping their run on U.S. gold. They hold vast quantities of Yankee dollars. Why? In large part because of the stationing of 330,000 American soldiers and many of their dependents across the length and breadth of Europe, except in France, where we have been kicked out. The Senator from Missouri said here yesterday that the net dollar loss to us from those soldiers is some \$700 million a year. The majority leader tells us that the total cost to U.S. taxpayers is \$2.5 billion.

The Europeans who hold those dollars do not want to see them cheapened by inflation. They are going to demand gold for them unless we maintain their value by imposing a tax increase on the American people. There was no great sentiment for a tax increase in Congress until the word came from Europe that they might lose faith in the value of the billions of dollars we have spent over there to protect them.

The soldiers in the amount of 330,000 or so are not enough of a commitment to suit Western Europe. They want the value of their surplus dollars maintained, too. That is why all the furor for a tax increase in this Chamber in recent days. It is not for the protection of the Ameri-

can people and their confidence in the dollar. It is for the protection of the Europeans who hold dollars.

This, too, is commitment gone mad. We are taxing our own people so that Europeans can enjoy the protection of 330,000 American servicemen which they have not matched with NATO forces of their own, plus the untarnished value of the surplus dollars it costs us to keep them there.

We are being asked in the same amendment to suspend public works in this country so that they can continue in Vietnam, where the people seem less and less willing to put forth any effort to preserve a government that does not represent them.

I am aghast at the illogic and self-defeat of this entire amendment.

Mr. President, if the distinguished Senator from Delaware [Mr. WILLIAMS] wants to know what a substitute may be, I will give it to him:

Take \$20 billion from the unjustified \$79 billion recommendation of this administration for defense spending, only \$26 billion of which is Vietnam connected. Cut the foreign aid bill by \$2 billion. Then no one will have to cheat the American people out of needed domestic improvements, which this amendment would do, and drive thousands of workers into the streets, costing us \$6 for every \$1 we will save, plus precious American blood here at home as well as in Vietnam.

Mr. WILLIAMS of Delaware. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Delaware has 7 minutes remaining.

Mr. WILLIAMS of Delaware. I yield 4 minutes to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 4 minutes.

Mr. MUSKIE. I thank the distinguished Senator from Delaware for yielding me time to listen to an argument against his amendment. I appreciate his courtesy very much.

Mr. President, it has been made clear that the amendment strikes at much more than the Corps of Engineers' projects which, I suspect, most Senators had in mind as being affected by the provisions of the Williams-Smathers amendment.

I am particularly interested in the fact that the amendment, if allowed to stand, would bring to a screeching halt the sewage treatment grant program which is so vital to the fight against water pollution in this country.

To give an indication of the magnitude of the impact upon this program, let me cite some figures.

At the present time, the Federal Water Pollution Control Administration has outstanding commitments amounting to \$323 million to municipalities, to assist in the construction of over \$1.6 billion of waste treatment facilities. These are facilities in the process of construction. We have already committed ourselves to the communities. Those commitments could not be met if the pending amendment should be adopted.

Second, under the water quality standards program which was initiated under

the 1965 act, we have brought pressure upon every community in every State to begin planning sewage treatment projects and industrial waste treatment projects to meet higher standards of water quality. That is the pressure which has motivated the States to float bond issues and has motivated the communities to make investments in planning and in staffs. These are not ongoing projects, but they are projects which are the inevitable result of activities we have already stimulated under the landmark legislation of 1965 and 1966, which would be brought to a screeching halt.

In 1966, we enacted legislation to provide \$6 billion—that was in the Senate—to help States and communities do the job.

The House forced us to reduce that figure to \$3.5 billion. In the first installment of that authorization in this fiscal year, we have cut it from \$450 million to \$203 million. Now this amendment would force us to cut the \$203 million.

Mr. President, I do not think it is necessary to impose that kind of austerity on this kind of domestic national problem, which is so clearly related to the long-range economic growth of our country.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 2 minutes.

The argument of the Senator from Maine is not at all valid. In the first place, this proposal does not stop projects which are underway. I would like to read what Secretary Fowler said in connection with the amendment now at the desk:

The intent of S. 2902 in restricting new public works construction starts may be only slightly more limiting than the President's recommendations in the 1969 budget.

As a staunch supporter of the administration, I have had this amendment drafted so that it does only what the President promised he was going to do anyway—only I want to write it in the law.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I do not have the time.

Since this amendment does only what President Johnson said he was going to do, why is there objection? The amendment that the Senator from Florida and I are suggesting is that we write into law what President Johnson said he was going to do. Why does anyone object to writing it into law unless he thinks the President was merely making political speeches and had no intention of implementing his promises?

If the Senator from Maine thinks that President Johnson does not mean what he said, or if he thinks President Johnson wants to stop sewage plants, then he should make that accusation clear, but he should not use that argument against this bill, because it has nothing to do with it.

Mr. President, I reserve the remainder of my time.

Mr. MUSKIE. Mr. President, will the Senator yield to me so I may reply?

Mr. WILLIAMS of Delaware. I have already yielded 4 minutes to the Senator from Maine.

Mr. MUSKIE. It is important to answer that.

May I have some time on the bill?

Mr. LONG of Louisiana. Mr. President, I yield 2 or 3 minutes on the bill.

Mr. MUSKIE. Three minutes.

I have disagreed with President Johnson on air and water pollution legislation for 5 years. I have taken issue with him and prevailed, because I have greater influence in the committee than he does. So I know the impact of the provisions before us on these programs. So my description of them is accurate—they will come to a screeching halt, and the Senator's proposed no-new-starts amendment will not get to this problem.

If that is what the Senate wants to do, it is the Senate's privilege; but let me say that, in my considered judgment—and I have checked this out with competent counsel as well as people in the administration, and formed a judgment of my own—this is the impact. If that is what Senators want, that is the way they ought to vote, but this proposal will bring the water pollution program to a screeching halt.

Mr. WILLIAMS of Delaware. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. One minute.

Mr. WILLIAMS of Delaware. Mr. President, does the Senator from Ohio [Mr. LAUSCHE] wish me to yield?

Mr. LAUSCHE. Yes. May I ask the Senator from Delaware a question.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. I yield 1 minute.

Mr. LAUSCHE. If we do not stabilize the strength of the dollar, if we allow it to collapse, what will then be the situation with respect to the water, sewerage, and air contamination programs which we have adopted? Is it not a fact that all the Senator from Delaware asks is a delay until we put our financial house in order?

The argument has been made by economists of great ability that the problem confronting us is one that may lead to calamitous consequences. It may lead to a collapse of the international fiscal system, which may lead to a collapse of stock sales, and otherwise.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. May I have 2 minutes on the bill?

Mr. WILLIAMS of Delaware. Mr. President, I yield 2 minutes on the bill.

I completely concur in what the Senator from Ohio has said.

Let me say in conclusion that the adoption of the amendment which we are proposing does not halt any planning. It does not halt a single project underway. It does not halt any projects for which commitments have been made. It does not stop any future initiation of any project which can be certified as being essential to the national interest. What more can we ask at this time?

Mr. LAUSCHE. Mr. President, I want to repeat what the Senator from Delaware has said. The amendment which he proposes allows the Office of Emergency Planning to approve all projects which

are deemed essential and necessary in the interest of the people of the country.

Mr. WILLIAMS of Delaware. That is correct. Why should we not postpone projects which can be postponed at a time when we have a \$28 billion deficit?

Mr. RANDOLPH. Mr. President, I say, not in disparagement, that there has been an omission by the authors of section 3. The language is very deficient. Now the proposal is to make changes and present a substitute and take another approach. I am thinking of programs like mass transit, public hospital facilities, mental health facilities, facilities of all types to strengthen our economy and look after human resources, and I am thinking in terms of air and water pollution. Certainly a cesspool in this country is not desirable. If we do not continue such programs, and even initiate new ones, we will be in trouble.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I send an amendment to the desk, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Delaware [Mr. WILLIAMS] offers, for himself, the Senator from Florida [Mr. SMATHERS], and the Senator from Ohio [Mr. LAUSCHE], an amendment on page 4 beginning with line 9, strike out all down to and including line 9 on page 6 and insert in lieu thereof the following:

SEC. 3. MORATORIUM ON PUBLIC WORKS PROJECTS.—(a) (1) Notwithstanding any other provision of law, no Federal department or agency shall, during the period in which this section is in effect—

(A) initiate the construction of any public works project (including projects for recreational facilities but excluding projects for highways), or

(B) make any grant or loan to any State or local government agency for initiating the construction of any such public works project.

(2) Upon request of the head of the Federal department or agency concerned, the Director of the Office of Emergency Planning shall investigate a public works project with respect to which paragraph (1) applies for the purpose of determining whether the delay in construction of such public works project required by paragraph (1) will cause irreparable damage to the public health or welfare. If with respect to any construction of any such public works project, the Director determines that such delay will cause such irreparable damage, paragraph (1) shall cease to apply with respect to such construction effective on the date on which the Director publishes such determination.

(3) The Director shall report, from time to time, the results of his investigations and determinations under paragraph (2) to the President and the Congress.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 3 minutes. I should like to read again what the Secretary of the Treasury told the Finance Committee on March 12 of this year in connection with the amendment as it is now at the desk:

The intent of S. 2902 in restricting new public works construction starts may be only slightly more limiting than the President's recommendations in the 1969 budget. The budget proposes very few new direct Federal projects other than those essential to the national defense and health and welfare of the public.

The only thing limiting about this amendment is that we write into law what the President has said he is going to do. It does not stop any project which is underway. It does not halt any planning. It does not prohibit construction or the initiation of any new project if—and I emphasize the word "if"—that project has been certified by the Office of Emergency Planning as being essential to the national interest and public welfare.

We are speaking much here about establishing priorities. To me this will be a key vote in the Senate on this bill. Are we merely going to adopt a proposal which embraces a lot of figures about reducing the budget and at the same time insist on deleting from the bill all of those provisions which may affect some particular project we like?

I think if we are to adopt the proposed package, which would require a \$6 billion reduction in spending plus an additional \$10 billion reduction in the authorization for 1969, we are going to have to cut spending somewhere. Senators had just as well face up to the fact that in the months to come we are going to have to answer some roll calls and do some budget cutting; or do they wish to delegate to the President of the United States the responsibility and the authority to make the cuts?

Here is the place we can start. I think our vote here today will be understood.

Mr. President, I do not think we have any choice but to agree to this amendment and then be sure it is retained in the bill.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. AIKEN. Does the Senator feel that his amendment would prohibit the improvement of veterans' facilities necessary to take care of the increasing numbers of sick and wounded veterans?

Mr. WILLIAMS of Delaware. Certainly it would not. Not only that; using that argument, as they have been trying to do here today, is just as ridiculous as it was when Secretary Fowler made the threat that if we did not extend the debt ceiling by X date he would stop payment of all social security pensions in America.

That is one of the scare tactics used by an administration which does not want to cut spending. Do not overlook the fact that they have said that no matter how it is modified they do not want it.

Mr. AIKEN. Then if it is necessary to extend the facilities to meet actual needs, there is nothing in the Senator's amendment that would prohibit that?

Mr. WILLIAMS of Delaware. Not only nothing in the amendment, but I say that any man who used that as an excuse ought to be impeached.

Mr. AIKEN. I would vote to impeach him.

Mr. WILLIAMS of Delaware. I would, too.

Mr. SMATHERS. Mr. President, will the Senator from Delaware yield me 5 minutes?

Mr. WILLIAMS of Delaware. I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator will be in order. The Senator from Florida is recognized.

Mr. SMATHERS. Mr. President, the amendment which the Senator from Delaware, the Senator from Ohio, and I have offered seeks to put us in the position we were in during World War II and during the Korean war; to impose the same sort of rules and regulations which prevailed during those conflicts with respect to public works projects.

In other words, we say that we recognize there is some justification for not stopping ongoing public works projects, flood control projects, and things of that kind. But there is no justification, in our view, Mr. President, for starting new projects when we face the kind of emergency which we face in this country. If there should be a project of the type and character that the distinguished Senator from Maine [Mr. MUSKIE] talked about—one that is absolutely essential—the amendment provides that a representation to that effect may be made to the Office of Emergency Planning. If it proves necessary as claimed, then the Office of Emergency Planning will authorize it and work on it can go forward.

Mr. MUSKIE. Mr. President, will the Senator yield at that point?

Mr. SMATHERS. I am happy to yield.

Mr. MUSKIE. Let me make this point: I do not see that one sewage treatment plant is any different than another, by the measurement of irreparable damage to health. I do not think you can distinguish them on that basis.

So, in effect, the amendment would ask the Office of Emergency Planning to make the judgment we are making here this afternoon—whether or not this program should go forward.

Mr. SMATHERS. Let me tell the Senator what the distinguishing feature is. The distinguishing feature is our \$25 billion deficit. The distinguishing feature is the run on our dollar that has just occurred. The distinguishing feature is the pandemonium that will reign on Monday if we do not do something now to redeem ourselves.

Mr. MUSKIE. Will the Senator yield?

Mr. SMATHERS. I am telling the Senator what is the distinguishing feature. We cannot run on a basis of business as usual. We cannot do all the things we would like to do under the conditions which prevail today. That is the reason why we have the pending substitute before us.

Anyone would agree, if we were in the position we were in, say, in 1954 and 1955, that we should go forward with public works programs. But in times when people are sacrificing overseas, in Vietnam—

Mr. MUSKIE. Will the Senator yield?

Mr. SMATHERS. No; the Senator from Maine wanted to hear the distinction, and I am going to tell him.

Mr. MUSKIE. Mr. President, the Senator has not answered my question. I shall

be glad to listen to his rhetoric after he answers my question.

Mr. SMATHERS. I am answering the Senator's question. The Senator wanted to know what was the distinction. I am telling him the distinction. It is that we do not have the expenditure options we once had. We have a war going on in Vietnam. We have got to be concerned about a run on the dollar. We have got to be concerned about our gold position. We have to pull in. That is the difference.

There are times when we should go forward with the type of program the Senator is talking about. I have voted for such programs. But there comes a time when one cannot any longer, in good conscience, vote for this type of program; that time is when our fiscal situation is what it is today.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 2 minutes.

I do not think we will need all the time on this particular amendment. I would imagine that the Senator from West Virginia, even though he may later want to strike the whole amendment, would be in favor of this particular amendment. So I expect we will have a strong vote at this time.

Mr. RANDOLPH. Mr. President, will the Senator yield at that point?

Mr. WILLIAMS of Delaware. I yield.

Mr. RANDOLPH. Mr. President, as indicated—I shall not state by admission; I do not want to use that terminology—but certainly by the readjustment of the thinking of the Senator from Delaware, he is going a long way toward what I desired in eliminating section 3. He would eliminate the moratorium on existing contracts. But he is not going far enough. The moratorium would still have a blanket application to all planning in these programs. It is very important that we go all the way.

Mr. President, as I understand it, if the amendment which is offered by the Senator from Delaware prevails, that the Senate will then have the opportunity to vote upon my amendment; is that correct?

Mr. WILLIAMS of Delaware. That is correct.

Mr. LONG of Louisiana. Mr. President, I yield myself 5 minutes.

Mr. RANDOLPH. Mr. President, I should like a response to my inquiry.

The PRESIDING OFFICER. Will the Senator from West Virginia restate his inquiry?

Mr. RANDOLPH. The amendment which has just been offered is a perfecting amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. RANDOLPH. If it is passed—and I shall vote for it—will there not then come the opportunity for the Senate to express itself by a yea and nay vote on the remainder of my amendment; that is, on the deletion of section 3 in its entirety, which I had previously presented?

The PRESIDING OFFICER. The Senator is advised that the question would then recur on this motion to strike.

Mr. LONG of Louisiana. Mr. President, I yield myself 5 minutes.

It is of course, a generous and laudable act when a man admits he is wrong

I applaud the Senator from Delaware and the Senator from Florida for admitting that they were 94 percent wrong.

I have before me special analysis G of the budget for fiscal 1969. It estimates the following expenditures for direct Federal civil public works in fiscal year 1969:

For continuing work, \$2,358,000,000; and

For new projects and features, \$166 million.

These figures show, Mr. President, that roughly 6 percent of the total budgeted for direct Federal civil public works will be for new projects and features. So I must say that it is very generous of the Senators to admit that they were 94-percent wrong.

The Senator, by his amendment, now proposes to strike out 94 percent of what he previously wanted to do. At the start he wanted to say all works underway would be stopped unless they were judged to be of irreparable injury to the national health and welfare. The Senator is now willing to say that only new starts should be stopped. So I shall certainly vote for this amendment. When we get through agreeing with the Senator that he is 94-percent wrong, we will see if he can find one more ounce of charity so that he will be able to say that he is the other 6-percent wrong also.

Here is a list of the kind of projects involved in the other 6 percent:

The Federal Aviation Administration—it is concerned with air safety—would receive \$30 million for new starts.

The Coast Guard—which deals with safety on the seas—would receive \$30 million.

The Post Office Department—to provide new post office buildings, and to provide equipment for new services—would receive \$28 million.

Allocated for projects of the Forest Service, \$21 million.

Allocated for the Public Health Service, \$9 million.

The Corps of Engineers—and these amounts have been very closely scrutinized in an effort to get down to the bare bones—is allocated \$7 million for civil functions.

The Office of Economic Opportunity is allocated \$5 million.

The Bonneville Power Administration, \$5 million.

The Bureau of Indian Affairs, \$4 million.

The National Aeronautics and Space Administration, \$4 million.

The Veterans' Administration, \$3 million.

The Southwestern Power Administration, \$2 million.

The Tennessee Valley Authority, \$1 million.

Other projects, \$17 million.

Mr. President, in suggesting what the proper percentage should be in a few instances, we should look at all of these public works projects. We should look at the whole amount.

The test we should apply in making a judgment should ask whether we are talking about something we want to start right now, or something we want to continue. It should also ask how vital is this

matter? How much do we need it when we consider the situation in which we find ourselves?

Mr. President, I have heard this dire talk: "Oh, my goodness, the world is going to come to an end." It reminds me of the story that is ably referred to by the distinguished minority leader, the Senator from Illinois. He tells about Chicken Little telling Henry Penny that the sky is going to fall in because an acorn fell from a tree.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. Mr. President, I yield myself an additional 2 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for an additional 2 minutes.

Mr. LONG of Louisiana. Mr. President, I notice that in 1943 our national deficit was \$57.400 billion, and our entire gross national product at that time was \$177.500 billion. Our deficit that year was 32 percent of our gross national product.

This year we are talking about a deficit which might run around \$20 billion but will probably be less. Undoubtedly there will be some reductions in expenditures. In all probability, there will be some increases in revenue as a result of increased taxes voted by Congress. However, even if none of that happens, and the deficit is \$20 billion, it would be only 2.5 percent of our \$800 billion gross national product—one-fortieth. It would be as 1 is to 40 in relative terms, comparing our budget deficit with the gross national product.

It is a false impression that the world will come to an end if we wait until the Appropriations Committee and the Public Works Committee have scrutinized the public works projects and determined which ones should be continued in view of the deficit.

We are required to say that any items totaling \$166 million cannot be judged on their merits in the normal manner. We should look at each project and say: Is it vital? How important is it? Is it important to continue, notwithstanding the fact that we have a war in Vietnam and that we have a Federal deficit this year, a gold problem and other things?

Mr. President, I commend the Senator for striking from his proposal 94 percent of what he had originally intended. I hope that, having done that, he will then show the good judgment to withdraw the entire proposal.

Public works projects should be judged like the poverty program or any other program. We should determine how much we want to spend in the same way in each instance.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 3 minutes.

Mr. WILLIAMS of Delaware. Mr. President, I always enjoy listening to the Senator from Louisiana. He never fails to amuse us, even though he does not always make good common sense.

I will say that the Senator from Louisiana has been consistent throughout. He said in the beginning that he was unalterably opposed to any proposal which would reduce spending and that he is op-

posed to any proposal which would raise taxes.

He has been consistent.

Mr. LONG of Louisiana. Will the Senator yield at that point?

Mr. WILLIAMS of Delaware. That is the position of the Senator. I yield.

Mr. LONG of Louisiana. Does not the Senator recall that we voted on an appropriations bill a while back? There was a suggestion that we cut an item. I voted to cut it. That is about the only vote on an appropriation bill this year that I recall.

Mr. WILLIAMS of Delaware. We still have another vote in a few minutes.

I respect the position of the Senator from Louisiana, and I frankly said that I have yielded some on this proposal.

I have no reason not to be frank. We should have a provision to resurvey existing projects, but I did yield on that point. Why? Because as was pointed out by the Senator from Ohio, I think we are faced with a crisis in this country, and this moratorium on public works is an important part of this package bill, which calls for expenditure reductions as well as a tax increase. The deletion of this section may very well lose enough votes for the overall package that it will be defeated.

There is no doubt in my mind but that the decision we make in the next half hour or so will determine to a large extent whether this bill passes or not. I think that if we fail to keep this provision in the bill, which would place some control over public works programs, it may very well spell defeat for this package which embraces the tax increase.

If there are those who want to do this this would be the way to do it. However, I think it would be a catastrophe to let the news go out to the world as the result of the rollcall votes here today that the U.S. Senate was not willing to go on record for curtailing expenditures and for the payment of higher taxes. Such a decision would be a catastrophe.

I want to make it clear that those who will do this should be willing to accept the responsibility.

This may very well be our last chance at this session of Congress to get any form of tax increase.

There are many of us who are on record as being opposed to any tax increase unless we have an expenditure reduction written in the law.

But I think it would be a disaster if we watered down the bill to the point where it would fail to get the support which it must have if we are going to act responsibly. I believe the House of Representatives would take the bill if these expenditure controls could be kept in it, but I do not think the bill would have a chance of being taken otherwise, even if it got by the Senate, which it might not do if the Senate throws all of these cuts out.

So far as I am concerned, I am willing to yield back the remainder of my time.

Mr. RANDOLPH. Mr. President, will the distinguished Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. RANDOLPH. I want to be very clear in my position in the Senate this afternoon. The Senator from Delaware and the Senator from Florida [Mr.

SMATHERS], a cosponsor of section 3, in modifying, through a perfecting amendment, their earlier proposal have said in effect that what we are attempting to do by the amendment which has been offered is not to think in terms of pork barrel legislation, but to think in terms of programs which are beneficial to America.

I for one do not want to have gain any momentum the thought that what we have been doing is not to concern ourselves with programs that are vital to the strength of America. The projects that we, including the Senator from Delaware, have been discussing are not pork barrel projects in any sense of the word. Would the Senator from Delaware agree with me on that point?

Mr. WILLIAMS of Delaware. Certainly there are some programs or projects which could be postponed. I do not propose to determine their merits and say whether they are pork barrel projects or not. Projects have been approved that I think would have been better left unapproved. There are projects, just as there are items in the budget of the family of the Senator from West Virginia and in my own budget which may have merit, but which we can postpone until we get the money to pay for them.

With a \$28 billion deficit confronting us in this fiscal year and a \$20 billion to \$22 billion deficit in the next fiscal year we have no choice except to establish a list of priorities.

As I told the Senator from West Virginia earlier, I am going far in the hope that we can hold the package together and send it to the House, but that is as far as I can go. I think we can vote first on my amendment, as the Senator from West Virginia agrees. I think there is no controversy. Then I hope we can defeat the Senator's motion to strike. I cannot overemphasize that there is a lot riding on this vote. The fate of the 10-percent surcharge may be decided by the outcome of this decision.

Mr. RANDOLPH. Mr. President, will the Senator yield me 1 minute?

Mr. WILLIAMS of Delaware. I yield.

Mr. RANDOLPH. I do not want to refer to the adjustment of thinking by the Senator from Delaware, but I do feel that the strength of the amendment offered by my colleague from West Virginia [Mr. BYRD] and the Senator from Maine [Mr. MUSKIE] to strike section 3, by the very change the Senator has now made in the perfecting amendment, certainly weighs strongly in favor of what we have been attempting to do this afternoon.

Mr. WILLIAMS of Delaware. That is why I have gone as far as I did to meet the Senator's objection. I cannot overemphasize the importance of what we are doing. I hope that this particular amendment will be adopted and that, following its adoption, either the Senator from West Virginia will withdraw his amendment or it will be defeated.

Mr. LAUSCHE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, when in 1965 we removed the 25-percent gold

support securing deposits in the Federal Reserve System, it was argued that two other things should be done: One, the imposition of tax; two, the reduction of spending. We did neither. The \$5 billion we released in gold is gone.

Now, in 1968, we were asked to remove the 25-percent gold support on every dollar of currency issued by the Federal Reserve System.

It was also argued that two other steps had to be taken: One, reduction of Federal spending; two, the imposition of a surtax. We have removed the gold cover of 25 cents on each dollar of Federal Reserve currency issued. That act has been accomplished and is over.

Two other acts must be performed: One, the imposition of the surtax; two, the reduction of spending. I am not going to be caught in the trap of voting for the removal of the gold cover, voting for the imposition of the tax, and not have a reduction in spending.

It makes no difference to me what sophisticated argument is made, what appeal to the heart strings is made—I will not have my neck in that trap. You are not going to get me to vote for the removal of the gold support, for the imposition of the tax, and then find myself in the position where I will be caught answering to the public, "Why did you impose the tax and not support the reduction in spending?"

I want them done concomitantly, in one and the same bill.

An argument is made about the various public works projects. I want them. My people want them. But, over and above that, facing us is the question of whether we are going to preserve the integrity of the American dollar. That integrity is challenged, not only by what we are doing domestically but also by what we are doing internationally.

The PRESIDING OFFICER. How much time did the Senator yield?

Mr. LAUSCHE. I ask for 3 additional minutes.

Mr. WILLIAMS of Delaware. I yield 3 additional minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. Barr, the Assistant Secretary of the Treasury, representing the Inter-American Development Bank, testified on March 25, in answer to the questions of the Senator from Missouri [Mr. SYMINGTON]:

We must eliminate these \$20 billion back to back deficits we are running right now in fiscal year 1968 and fiscal year 1969. It is intolerable we can't do it. That goes to the question of preserving those life insurance dollars and your pension fund dollars. Unless we eliminate these two \$20 billion back to back deficits, I can only tell you, Senator, there is going to be a severe erosion in the purchasing power of the dollar and in the value of these life insurance policies. That is number one.

Then Mr. Barr went on to say:

Number two, unless we bring the dollars we are spending into the World Bank into equilibrium of the dollars we are earning in the world, there is going to be severe erosion in the international value of the dollar, and the consequences there, sir, can be even more severe, because, as you know, as you have been preaching, and I have heard you and Senator Lausche also, that the dollar is the focal point of the world's international monetary system.

He further said that it may bring about a collapse of the stock market and a collapse in the value of the dollar in the whole world.

Now, then, you can argue about your plums and your public works all you want.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. I ask for 1 additional minute.

Mr. WILLIAMS of Delaware. I yield 1 additional minute to the Senator.

Mr. LAUSCHE. No problem is more important to the Nation than this one. You can wait with your public works for a year. It will take us 1 year or 2 years to put our monetary house in order, and we had better do it and forgo the immediate enjoyment of these public works about which so much has been said, Senator HICKENLOOPER.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. SYMINGTON. Mr. President, I appreciate the kind references of the distinguished Senator from Ohio, and would respectfully present to him that there is a difference between an investment in this country and an investment abroad, and that difference is very great when considering the question of balance of payments.

A recent balance-of-payments deficit was approximately 0.004 percent of the gross national product. The question of what we do in this country, however, and the question of what we do abroad are two different questions. The amount of fixed debt struck off on a balance sheet, as does a corporation, whether cost or market, would show our fixed assets as against our fixed liabilities in very good shape. The last figure I received from our former colleague, Senator Douglas, sometime back showed the net fixed position would be many billions of dollars in the black.

On the other hand, when we talk about gold, and the loss of it, we are talking about current assets as against current liabilities.

Mr. President, that is why it is now so terribly important for us to stop much of this spending abroad. That is where and why in the main we lose our gold. We do not lose it primarily because of the investment the American people make in this their own country, for a new dam in the State of Missouri or in the State of Ohio.

I thank the Senator for yielding.

Mr. WILLIAMS of Delaware. The Senator from Missouri is partly right, but I am sure he will agree that the money we spend in this country creating a deficit of \$25 to \$28 billion does create an inflationary situation in this country, a rising wage spiral. As the cost of goods rises it cuts back on our exports, and at the same time pouring extra money into the economy increases imports. Therefore, it has an effect on the balance of payments.

Mr. SYMINGTON. The Senator is correct.

Mr. WILLIAMS of Delaware. Spending for a dam in Missouri or a project in Delaware does make a contribution to

the inflationary spiral and has an effect on the economy and our balance of payments.

Mr. SYMINGTON. I accept that. The Senator from Delaware is also partly right, and he has been good enough to say that I am partly right, also.

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SMATHERS. Mr. President, I agree with both the Senator from Missouri and the Senator from Delaware.

It is important to remember that we cannot disassociate the dollar at home from the dollar overseas. There are many central bankers who have in their banks large sums of money which they have been holding because they are friends of ours. If, as a result of seeing us having large deficits and our gold supply diminishing to \$10.6 billion, they should get to the point where they feel they can no longer hold the dollar with confidence, they would have to break from any arrangement they have and present those dollars for gold. Then all our gold would be gone.

In the consideration of the entire problem, it is important to remember that we have to protect the value of the dollar at home, which contributes to the value of the dollar overseas.

I thank the Senator.

Mr. WILLIAMS of Delaware. Mr. President, the Senator from Florida is correct.

It has been only a few days since there was an urgent meeting in the office of the majority leader. My good friend, the Senator from Missouri [Mr. SYMINGTON], was present. I was present, as was the chairman of the Committee on Finance. There were other Senators there. At that time, Mr. Martin made the statement that the removal of the gold cover alone would only buy time unless it was implemented further by two extra steps. The first step was to reduce spending, and the other step was to raise taxes.

Mr. Martin placed equal emphasis on both steps. He went further and said that to remove the gold cover, plus a raise in taxes, and then to refuse to cut spending would be a futile effort and serve no purpose except to postpone the crisis.

Mr. President, that is what we are up against now. This is a dual package, and we are ready to vote on the question. Do we want to control spending or not?

Mr. President, I am prepared to yield back the remainder of my time.

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, one of our problems today is because in the past we have attacked the problem over the years from a monetary point of view almost exclusively.

I would mention and I am sure the able Senator from Delaware would agree, that as far as debt in this country is concerned, much of that problem could be either solved or largely ameliorated by the Federal Reserve putting a higher price on money.

It is our foreign expenditure which is the problem, basically, with respect to the loss of gold.

Let us note that as of yesterday we would have had no gold to pay off anybody with dollars from abroad if we had not taken off the gold cover. If someone had demanded gold for dollars at \$35 an ounce, now there would not have been any gold left if we had not taken off the cover.

The big problem is to cut our gigantic expenditures abroad, year after year after year. That is the primary reason for the trouble is which the dollar now finds itself.

The PRESIDING OFFICER (Mr. CANNON in the chair). Who yields time?

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 1 minute.

It is easy to speak of cutting our foreign aid program, but if we cut out all of the foreign aid we would have a deficit of \$17 to \$18 billion, and next year it would be \$25 billion. It is easy to talk about cutting out foreign aid; but what about a cut here at home?

We just cannot afford guns and butter while we still have a full-scale war to finance.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. LONG of Louisiana. I am not quite ready to yield back the remainder of our time.

The PRESIDING OFFICER. How much time does the Senator yield to himself?

Mr. LONG of Louisiana. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. LONG of Louisiana. Mr. President, I have been trying to understand how this Williams package has come to be in the fashion it now is in.

My impression is that the Senator undertook to start from the original budget message, the unified budget message, which indicated that there would be a deficit of \$8 billion in fiscal 1969 if all the proposed revenue measures were adopted. Then, he suggested an \$8 billion cut in spending, to achieve a balanced budget in a wartime year; this is something we have not had in the past two major wars.

Now, starting on the idea that we should have a balanced budget during wartime, the Senator made a proposal on which he could not get an agreement. Since he could not arrive at an agreement, and because he believed the administration would not accept his proposed \$8 billion cut in expenditures, the Senator retreated, proposing a \$6 billion expenditure reduction. Well, the administration does not buy the \$6 billion reduction either. But in any event, the process which I have just described shows how the Senator came to recommend a \$2 billion cut in public works projects. As I said, the proposal is based on the premise: That we should have a balanced budget during a time of war.

Now, having recommended a \$2 billion cut in public works projects, on the theory that a balanced budget should be achieved, the Senator then proceeded to retreat from that \$2 billion figure in the hope that others would agree with his proposal. With that premise, the Senator then retreated 94 percent away from his initial position.

The details of the Senator's reasoning, as reflected in his actions on the amendments before us, were as follows: The Senator from Delaware started out by saying that all public works should be stopped. Inasmuch as he comes from the State of Delaware, which does not have much in the way of public works, that is not a bad position for one to take.

Having started from the position that all public works should be stopped, something that those more familiar with the matter would not recommend, the Senator has said that we should make an exception if failure to either start or continue a project would result in irreparable injury to health and welfare. This, presumably, means that if there was a threat of Bubonic plague or some such thing, in that case it would be proper to go ahead with the project; if that were not the case, however, work on the project should stop in its tracks. The Senator, who does not serve on the Committee on Appropriations, has never studied these public works projects. To follow the approach he recommends would not seem to make good sense.

And having heard the debate, I am happy to know that the Senator also is persuaded that he is at least 94 percent wrong.

Now, I hope the Senator will go the rest of the way with us on this point and say that even on some new starts we should judge them as we would judge continuing projects. How important is it to continue that project? Or how important is it to continue it at that rate, rather than to slow it down? Compared with a new project, that is very important. In other words, I can easily show Senators a case, in the State of Louisiana, of a new proposal, for example, of an old levee needing an abutment in front of the levee to protect a big industry behind it. That is much more important than the millions of dollars it is costing to dredge in the Chapel Island Basin, which is a long-range program and very important; but slowing it down might be preferable to setting a levee back where it will help a major industry.

Mr. RANDOLPH. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. RANDOLPH. Let me illustrate what the proposed moratorium would do with reference to a specific project. We all remember with sadness that a few weeks ago, the Silver Bridge between Gallipolis, Ohio, and Point Pleasant, W. Va., went down. It was a terrible disaster, with 47 or more people losing their lives.

That bridge must be replaced. It is a matter of the greatest urgency that it be replaced. There are certain Appalachian funds, as well as certain funds from Ohio and from West Virginia, that would be used for the bridge reconstruction.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. LONG of Louisiana. I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 5 additional minutes.

Mr. RANDOLPH. If the Senator from Delaware does not go all the way, as is

indicated here, we could not rebuild the bridge as now planned.

Mr. LONG of Louisiana. Mr. President, the proposal of the Senator from Delaware exempts highways. When we really get down to it, Presidents Eisenhower, Kennedy, and even Johnson have found, on occasion, that in a budgetary squeeze it is sometimes desirable to slow down the rate at which we are building interstate highways and even primary highway systems. We slow the rate down somewhat by matching controls with expenditure controls toward a particular sum so that we can devote some funds to something more desperately needed. That is what the test should be. It should not be arbitrary. We should not say that no new starts under any conditions will be allowed, or that nothing will be allowed, unless it would do irreparable injury to the public health and welfare. It should be a question of how important it is to continue what we are doing compared with a new project which could be withheld but which might be sufficiently important so as to go ahead with it or perhaps slow it down, so long as we must economize to that extent.

Mr. WILLIAMS of Delaware. Mr. President, I yield back the remainder of my time.

Mr. LONG of Louisiana. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has now been yielded back on the amendment.

The question is on agreeing to the perfecting amendment of the Senator from Delaware.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Missouri [Mr. LONG] are absent on official business.

I also announce that the Senator from South Carolina [Mr. HOLLINGS], the Senator from New York [Mr. KENNEDY], the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Rhode Island [Mr. PASTORE], the Senator from Rhode Island [Mr. PELL], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from South Carolina [Mr. HOLLINGS], the Senator from New York [Mr. KENNEDY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Rhode Island [Mr. PELL] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. FANNIN], and the Senator from Illinois [Mr. PERCY] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Kansas [Mr. CARLSON], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. FANNIN], and the Senator from Illinois [Mr. PERCY] would each vote "yea."

The result was announced—yeas 79, nays 5, as follows:

[No. 87 Leg.]

YEAS—79

Aiken	Gruening	Morton
Allott	Hansen	Mundt
Anderson	Harris	Murphy
Baker	Hartke	Muskie
Bayh	Hatfield	Nelson
Bible	Hayden	Pearson
Boggs	Hickenlooper	Prouty
Brewster	Hill	Proxmire
Brooke	Holland	Randolph
Burdick	Hruska	Ribicoff
Byrd, Va.	Inouye	Scott
Byrd, W. Va.	Jackson	Smathers
Cannon	Javits	Smith
Case	Jordan, N.C.	Spong
Church	Jordan, Idaho	Stennis
Clark	Kennedy, Mass.	Symington
Cooper	Kuchel	Talmadge
Cotton	Lausche	Thurmond
Curtis	Long, La.	Tower
Dodd	Magnuson	Tydings
Dominick	McGee	Williams, N.J.
Eastland	McGovern	Williams, Del.
Ellender	McIntyre	Yarborough
Ervin	Miller	Young, N. Dak.
Fong	Mondale	Young, Ohio
Gore	Monroney	
Griffin	Montoya	

NAYS—5

Hart	Morse	Russell
Metcalf	Moss	

NOT VOTING—16

Bartlett	Hollings	Pastore
Bennett	Kennedy, N.Y.	Pell
Carlson	Long, Mo.	Percy
Dirksen	Mansfield	Sparkman
Fannin	McCarthy	
Fulbright	McClellan	

So the perfecting amendment of Mr. WILLIAMS of Delaware was agreed to.

The VICE PRESIDENT. The question recurs on the motion of the Senator from West Virginia [Mr. RANDOLPH] to strike section 3.

Mr. RANDOLPH. Mr. President—The VICE PRESIDENT. Who yields time?

Mr. LONG of Louisiana. Mr. President, I yield 2 minutes to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I appreciate the continued presence of my colleagues on the Senate floor, anticipating a vote now on my amendment. I shall not speak over one and a half minutes.

It is important to indicate that those of us who, in many instances, went along with the adjustment to the perfecting amendment of section 3 as proposed by Senators WILLIAMS and SMATHERS recognize that in our fight here for equity today we have made our point. So at least in part, there was an adjustment in the position of the two Senators whom I have mentioned.

Before we vote now on what I think is the remaining part of the problem, an important part, it is necessary to note that the amendment on which Senators will soon be voting would allow us to continue planning efforts in resource development programs. We make no effort to withhold that. Also, construction programs could continue, but limited by section 4 of the pending bill.

This section takes \$6 billion from the

budget, and most of that cut would come from the area of public works, the important programs which we have been discussing here this afternoon.

So I trust, the Senate having now approved what in part meets the amendment we had earlier offered, it will now go the whole way, not just so that we can say we get everything, but that we have finished the job in the manner in which it should be finished.

Mr. LONG of Louisiana. Mr. President, I yield myself 2 minutes, and I trust I shall stay within that limitation.

The Williams amendment exempted from the proposed public works freeze the \$2.358 billion that is to be spent on direct Federal civil public works projects that are already under way. All we are talking about now, is \$166 million for new projects and features and part of a projected \$84 million expenditure on advance planning. So we are talking about only 6 or 7 percent of the over-all amount that the Williams freeze would have applied to.

Mr. President, why would the Senate want to specify that construction should not commence on a project unless the Office of Emergency Planning said that to fail to start it would do irreparable injury to the public health and welfare? Why would we do that before we have examined the project? The project would have to come before us, here in the Senate. Why do we want to say in advance that we cannot judge? Why not at least examine the proposals before we say we cannot judge and give some man downtown the authority to decide if to omit the project would do irreparable injury?

Mr. President, involved here are Federal Aviation Agency and Coast Guard safety facilities, Post Office buildings, Forest Service projects, Office of Economic Opportunity projects, and a great many other items. Mr. President, these should be judged on their merits, just as the question of whether we should slow down an existing project should be judged on its merits.

The PRESIDING OFFICER (Mr. Moss in the chair). The Senator's time has expired.

Mr. MORSE. Mr. President, will the Senator yield me 3 minutes?

Mr. LONG of Louisiana. I yield 3 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I want it understood that I approve what the Senator from Louisiana has said. The gimmick before us now, the sleeper before us now, is the language in the bill, as far as the Office of Emergency Planning is concerned, as found on line 24, page 4, requiring a showing that it will cause irreparable damage to the public health or welfare.

We are not going to be able to show that. In project after project—and I speak for the moment as chairman of the Subcommittee on Education—I do not think we know the damage we would do to the educational program by enacting this shocking bill. I voted against the Williams amendment because it does not improve it at all; it only gives us a carrot. The whole bill is bad, and I shall vote against the whole bill.

Look at what we are doing to the educational program under this bill. Do not

forget, we have authorized \$6.7 billion, in round figures, for education. What is the administration doing in its budget for 1969? Cutting it back to \$3.5 billion, in round figures.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MORSE. No, I shall not yield for anything until I finish my speech.

I ask my fellow Senators, Is that what you want to do to the boys and girls of this country and the college students of this country, in respect to their educational needs, at the same time that we propose to go over to Vietnam and build schools, as I said this afternoon, and spend a lot of money over there, where they have a government that cannot even get the support of the people?

I want to say again, I do not propose to sacrifice the educational program of this country, as the passage of this bill would do.

Take a look at some of the figures. Here is \$315 million we authorized for grants for school construction. What is the administration proposing for fiscal year 1969? \$52.5 million. Are we going to create a lost generation of young people in this country, and put that cut-back in this bill, in order to help the bankers over in Europe who want us to raise taxes over here in order to protect the American currency they hold over there?

As the Senator from Missouri pointed out yesterday, we lose a net of \$700 million a year to maintain those troops over there. As I said earlier this afternoon, I shall vote against this bill, as I shall vote against any proposal to put this kind of cut in the educational program, until we are willing to cut into a \$79 billion recommendation by this administration for a defense program for 1969, when only some \$26 billion of that is Vietnam oriented. Hundreds of millions to protect Europe. Hundreds of millions of dollars for Africa. Millions into Latin America. Billions into the subcontinent of Asia, as we proceed to build these permanent naval installations around the perimeter of the Indian Ocean.

Yet we have an administration that goes on television and says we seek no permanent military bases around the world; and some people are kind enough to refer to it as only a credibility gap. Of course, we all know it is a misrepresentation of facts. The American people are being deluded.

Mr. President, the place to make the cut is out of that \$79 billion defense program.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MORSE. I ask for 1 more minute.

Mr. LONG of Louisiana. I yield the Senator from Oregon 1 additional minute.

Mr. MORSE. The place to make the cut is out of that \$79 billion proposed defense budget of this administration for 1969, and protect the domestic economy of this country.

I ask my fellow Democrats, Do you mean to tell me you want to go home and tell the people in your district that you want to make a cut of some \$7.5 billion out of a \$20 billion domestic economy, and then support a defense economy of

\$79 billion? I will tell you what will happen to a lot of you: you will get whipped at the polls, if you vote for this bill. Any Democrat who votes for it ought to get beaten, because, in my judgment, he will be letting down his party; and, though the President may not know it yet, he will be voting against the President, too.

Mr. President, I shall vote against the bill.

Mr. CLARK. Mr. President, will somebody yield me 2 minutes?

Mr. LONG of Louisiana. I yield 2 minutes to the Senator from Pennsylvania.

Mr. CLARK. May I say to my friend from Oregon, I completely agree with him; and, there being a good many Senators in the Chamber at the moment, I should like to advise them that when the Javits amendment is called up later during this debate, I shall propose an amendment to read as follows:

Insofar as may be practicable, the reservations from expenditures provided for in subsection (b) shall be made from authorizations for (1) the proposed supersonic transport, (2) the space program, and (3) the Department of Defense, to the extent that such reservations will in no way endanger the security of the United States or the safety of U.S. troops.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Mr. President, I yield 4 minutes to the Senator from Florida.

Mr. SMATHERS. Mr. President, this is a very critical vote. It is not a particularly important amendment, but it is a very critical vote. I say that primarily for the attention of my colleagues on the Democratic side.

I have been working to bring about a little bit of, one might say, fiscal reform and monetary reform, for quite some time. I have worked, I think, rather diligently with some of the Members of the other side. I know that the only time some of them are going to vote for a tax increase, is if it is coupled with a sizable expenditure limitation.

And if we on this side happen to knock out what amounts to a sizable expenditure limitation, I know that that moment we will lose a number of votes on the other side, so that they will not vote for the surtax. We will end up having nothing, and the word will go out to the world that Congress took no meaningful action whatsoever.

So, it is of the greatest importance that on this particular vote, even though, as the Senator from Louisiana has said, we have given away 94 percent of the impact of the original provision concerning public works in the Williams-Smathers substitute, if we want to have a surtax charge increase passed in the Senate, we should approve the public works section as it now is.

Mr. President, I want to read something from a magazine which we all read and, I think, respect, because I think it is very significant here. I would like very much to have the attention of everybody.

It reads:

Red Sneers. From Budapest to Peking, Communists greeted the gold stampede with outright gloating—showing at least that

Lenin's followers still heed his counsel: "The way to defeat the capitalist system is to debase its currency." Crowded the Polish tradeunion council, Glos Pracy: "The dollar is doomed. It is possible that joint efforts by world financial circles will stave off the crisis temporarily, but this will only postpone the execution." Sneered the New China News Agency: "The capitalist monetary system has in fact collapsed."

France's Charles de Gaulle, who wants the Western world to return to the gold standard, was playing only a slightly different tune from the Red band. He called the present international monetary system "inequitable" and "henceforth inapplicable." Its continuance, he maintained, would "condemn the free world to grave economic, social and political trials."

The article also states:

Almost every private and public authority of the Western countries agrees that to avoid a genuinely serious threat to the dollar, the U.S. must dramatically pare the inflationary deficit in both its domestic budget and balance of payments. Says General Director Max Ikle of the Swiss National Bank: "The welfare of the world depends on confidence in the dollar, and this now depends on American fiscal policies."

Threatened Fabric. Most Europeans regard U.S. willingness to raise taxes as the gauge of its resolve to put its fiscal affairs in order. Technically, budget and payments deficits can be curbed by any combination of higher taxes and lower spending that bites deep enough.

The world is looking at us to see whether we are willing to take that necessary step toward self-discipline which will give the people of the world confidence in our dollar by reducing the sizable \$22 billion deficit which we will otherwise have, with all of the resulting consequences.

I urge my colleagues on this side of the aisle not to break up the package, if we want the package. I do not know that it will pass in the House of Representatives. However, I do know that if we in the Senate tonight or tomorrow prove that we were willing to stand up and vote for a tax increase and for expenditure control, it will be very important over there.

I think we could then take satisfaction from having acted to save the integrity of our financial system in this country.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. SYMINGTON. Mr. President, nobody in this Chamber wants a sound dollar more than I.

It is clear the military budget should be cut wherever possible. It was cut this afternoon, in authorization, by several hundred million dollars as recommended in the Senate Armed Services Committee.

I would rather see this country take on some debt with respect to the future of America, as has just been so well presented by the Senator from Oregon, than go further in debt in an effort to help people all around the world, especially the foreign speculators who have been and are making raids on our gold.

I sit next to the able and distinguished Senator from West Virginia [Mr. RANDOLPH]. He has worked hard on this pending measure. Why is there such apprehension over the amendment, when the Senator from Delaware and the Senator from Florida have already offered an amendment recommending a cut of

some 90 percent of what was contained in their original recommendation?

They are now taking exception to funds totaling \$250 million, when they themselves recommended exemptions from their original recommendation of sums totaling \$2.38 billion. I agreed with the amendment of the able Senator from Florida and the able Senator from Delaware, and will vote also for the amendment of the Senator from West Virginia.

Let us make reductions as much as possible in places which do not hamper the future of the United States.

Mr. RANDOLPH. Mr. President, during the past 2 days, Mr. President, two able and distinguished members of the Committee on Armed Services have spoken eloquently in this forum on the propriety and the importance of making substantial withdrawal of troops of our country presently serving in Europe—the junior Senator from Kansas [Mr. PEARSON] on Tuesday and the senior Senator from Missouri [Mr. SYMINGTON] yesterday. In yesterday's colloquy, Senator PEARSON called attention to the numerous times he has heard Senator SYMINGTON warn in the Armed Services Committee and in this Chamber of the serious consequences of our deficit in the balance of payments. The Senator from Kansas appropriately remarked that if we had paid more attention to what the senior Senator from Missouri had been saying, perhaps we would have been better prepared for the gold crisis of the last 2 weeks.

And the senior Senator from Wisconsin [Mr. PROXMIER], chairman of the Joint Economic Committee, not only commended our colleagues from Missouri and Kansas for their arguments for withdrawing substantially from our troop strength in Europe, but also said:

There is no question that the conclusions of the Joint Economic Committee on the balance of payments problem is our overcommitment overseas. Today we have more commitments than this country can afford to support.

Now, Mr. President, I add my commendation to the approval I have heard expressed for the position statements by Senators SYMINGTON and PEARSON in which they urge cutting back the troop strength in Europe for other more necessary and timely deployment. And I not only associate my views with theirs on that subject, I share the opinion of the Joint Economic Committee as briefly outlined by the distinguished senior Senator from Wisconsin in his comment that the heart and soul of our balance-of-payments problem is in our overcommitment overseas. I am sure he referred as much to our excesses in foreign aid as he did to the excessive outflow of dollars for overdeployment of troops and dependents overseas.

In spite of these overcommitments which directly and adversely affect our balance-of-payments problems, we find in section 3 that the effort is being made to place the greatest burden of remedy on a moratorium proposed to be placed on this country's public works.

I am aware that there must be substantial reductions in budgets and expenditures across the broad spectrum of the vast Federal Establishment, and

public works should suffer a share—but not two-thirds or more of the total reduction objective reflected in the provisions of the substitute measure.

Because the public works—from water and sewer projects to hospitals to flood control to airports to post offices and other public buildings, et cetera—are for the benefit of the people of the United States who pay the taxes, I see less merit in legislating a moratorium on them than in fixing a moratorium on space exploration, on development of a supersonic transport, or on many far less essential activities under the foreign aid program.

So, Mr. President, let us not abandon the time-honored authorizations and appropriations approach and certainly let us not resort to the bulldozer method—the inequitable one-category bulldozer approach—that section 3 of the substitute measure proposed. We must strike it. I urge an overwhelming rejection of all of section 3.

I reaffirm my support for increased taxes. I reaffirm my support for cutting waste and fat from the budget. But these resource development programs which serve humanity must not be subjected to this kind of ruthless and radical treatment. These programs must not be sacrificed on an altar of false economy. And I believe a majority of the Senate will agree.

Mr. WILLIAMS of Delaware. Mr. President, I would like to take 1 minute to correct what appears to be a slight confusion. Some Senators speak about \$258 million being involved in this proposal. I do not recall the exact figures, but remember these are new starts—\$200 million or \$250 million for project starts means \$2.5 billion in ultimate spending.

This section dealing with public works is a multibillion-dollar proposal, and unless Senators are willing to stand up and be counted in favor of a reduction on this program, which has a lot of political appeal back home, we should ask ourselves the question, Is there really going to be an expenditure reduction at this session of Congress?

That is the question here, and that is the reason why this particular vote is so important. It may very well be the deciding point in the ultimate decision that will be made on this legislation.

We are dealing with project starts, and once we commit \$200 million for new projects we are committed to spend \$2.5 billion more. That is what we are trying to stop at a time when we have this sizable deficit.

The Senator from Louisiana mentioned an \$8 billion deficit for fiscal 1969; however, that \$8 billion deficit referred to by the President is based on the fact that he is starting with a deficit of \$28.3 billion. He then said that if we enact a 10 percent tax increase and extend the excise taxes we will raise \$12.9 billion and drop the deficit down to \$15.4 billion.

They then take the \$7.4 billion that is accumulating in the trust fund, which by no stretch of the imagination belongs to the U.S. Government, but for bookkeeping purposes they subtract that and then claim that we only have an \$8 billion deficit.

I think that we should get these figures straight. If Congress does not enact a tax

increase and cut spending we will be faced with a \$28 billion deficit in 1969, and we already have a \$20 billion deficit in 1968. That is a deficit of \$48 billion in 2 years. That does not count the increased appropriations that will be asked for with which to finance the cost of the escalation of the war in the last few weeks.

I have taken the position that we in Congress cannot point the finger at the President of the United States and charge him with the sole responsibility for we too, have a responsibility right here in Congress. Nor can the President point his finger at Congress and say that it is the responsibility of Congress for he, too, has a responsibility to cooperate with us in making these cuts.

I regret that we have not had more of that cooperation. Nevertheless, we do have a responsibility. I said in the beginning that we on this side of the aisle could not sit back—which would be very easy to do because a tax increase is not popular—and say, "Well, it is the responsibility of the majority on the other side of the aisle. They have control of Congress."

We have a responsibility as well as do the Senators on the other side of the aisle. I do not think that any of us can sit back and point a finger at the other fellow.

I would hope that we can approach this matter not as Republicans, not as Democrats, but as Americans. I think we must do that and recognize that our country cannot continue to run a deficit at the rate of \$2 billion a month without bankruptcy. Some semblance of control over spending or a tax increase or a combination of both is mandatory.

I recognize that politically it may not be popular. I hope that no one who votes for the package will be defeated. However, on the other hand, we are drafting men and sending them to Vietnam. Many of those men will get the Congressional Medal of Honor. They will get citations for bravery, and I shudder to think what would happen in Vietnam if they did not display any more courage than the political courage that is being displayed here tonight. Certainly we in Congress can display just a little of the same courage we are demanding from the boys over there. Being defeated at the polls because of voting for what we believe is right is not half as disastrous as a boy getting killed over there.

We must recognize that our country is in trouble, and I believe that if this package is defeated tonight it will be a disaster. I urge that the amendment be rejected because this one decision may very well be the key vote in this session of the Congress. This may be the straw that breaks the camel's back. The fate of the bill may very well ride on this one vote.

Mr. SMATHERS. Mr. President, will the Senator yield 4 or 5 minutes to the Senator from Mississippi?

Mr. WILLIAMS of Delaware. Yes. The PRESIDING OFFICER (Mr. NELSON in the chair). How much time does the Senator yield?

Mr. WILLIAMS of Delaware. I yield 5 minutes.

Mr. STENNIS. Mr. President, when I reviewed the figures in the Smathers-

Williams amendment calling for the reductions and for the tax, I told the Senator from Florida that I felt compelled to vote for the proposal.

It is not my suggestion particularly of which I speak, but I am moved to tell the Senate what I see in this picture. I did not think that I would ever vote for a tax bill of any consequence that had not been gone over carefully by the House Ways and Means Committee and the Senate Finance Committee, and which was fully considered and firmly recommended. So this is an unusual conclusion for me in that respect. And I did not think I would ever appear to desert the ordinary formula and procedures for the Appropriations Committee and vote for a decrease of this type. That is the second major reason that drives me to this conclusion.

However, with all deference to everyone, I have seen us drift in the fiscal affairs of our Nation, year after year, with failure to come even close to balancing the budget. In fiscal 1967, our deficit was over \$18 billion. One estimate is a deficit of approximately \$20 billion for 1969, even with the passage of a tax bill. That figure is disputed somewhat, but even if we pass the tax bill, the deficit will be approximately \$12 billion, according to the estimates of last fall. That assumes that this bill would raise \$8 billion.

There is another, more compelling reason. We have been going carefully through the hearings on the major part of the defense appropriations for fiscal 1969. In whatever way one views this war, or in whatever way there is a new policy, or whatever reevaluation there is, if any, it does not make any difference. The war is going to cost a great deal more hard money, in my humble opinion, than the budget estimates so far show. It is going to show up in various places, and it will involve necessities that cannot be delayed.

The cupboard is bare of spare parts in many places where it should not be bare. We have exhausted military supplies. We are down to the bone in many places. It will take more money, even if there is no battle plan change, no policy change, no escalation. We are going to be faced with hard figures on the floor of the Senate, in my humble opinion, which will run to several billion dollars more than has yet been requested for fiscal 1969. I would not attempt to put a dollar value on it now, but I have looked into some of these matters. More helicopters will be required, for example. I would rather not go further than that, but that is a hardware matter that is readily seen.

So in view of these jarring facts—and they are facts and figures, not conjecture—I am compelled to desert the ordinary safeguards I would have with respect to approaching these matters, and I am going to vote for the bill on final passage, including the surtax and the limitation on spending.

Now, some people back home have said, "We want you to cut out that useless spending up there, and we don't want any more taxes until you do that." I believe that we should do both; that we must do both. We have gone along and gone along—I say this with all deference—and it seems to me that we have

done the easy things and postponed the hard ones. This is a hard one. But it is time to act. Fate has swung development around to putting the Senate in front. But we must meet this issue on this bill, even if it is an unorthodox way to do it.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. I ask for 1 additional minute.

If we do not do this, the consequences will be very bad, as they have been in the past when we failed to meet the hard problems. I believe the finest thing we could do for our country tonight would be to lay aside all reference to party or election year or anything else and say we have the will to act and lay it on the line. I believe we will have changed the direction right there, if we follow it up, and we will be starting out of the woods.

I do not know why there should not be some leadership from Congress with respect to this problem as well as other sources. We have been slow, but it is not too late. So let us meet this issue headon and vote for this bill by a large majority, and show that we are aware of the facts and of our responsibility and that we are going to do what we can to meet the problem.

I thank the Senator.

Mr. LONG of Louisiana. Mr. President, ordinarily, Congress would take a look at the President's recommendations, examine the appropriation bills, and, after passing the appropriation bills, pass on the revenue bills required to pay the cost. If Congress did not want taxes to pay for all of the costs, it would raise the debt limit. That would be the procedure.

That is the way the House has been looking at it. They want to know how much is going to be appropriated. When they know how much is going to be appropriated, they will readily decide what new taxes to recommend. That is the way the tax bill should start.

Mr. President, we will put the cart in front of the horse if we cut expenditures before we know how much is going to be appropriated. That is my reaction when a Senator suggests that we cut \$6 billion in advance from the budget, not knowing precisely what is going to be cut.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. RANDOLPH. May I have the attention of my distinguished colleague, the Senator from Mississippi?

I am in agreement with him on the passage of this bill. I have been in favor of a tax increase and have advocated it for over 2 years. I do not understand that his strong advocacy of the passage of the bill is in anywise connected with the pending amendment to strike section 3, which I have offered, and upon which we are about to vote. I should like to have that clarified.

Mr. LONG of Louisiana. Let me make that clear. The Randolph amendment would do nothing one way or the other about the proposal to cut the budget by \$6 billion.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. I yield myself 2 additional minutes.

It would do nothing at all about the

proposal to cut \$6 billion. It would not change the figure at all. All the Randolph amendment seeks to do is to put public works under the proposal in the same posture as all other expenditures.

That would be the situation if the amendment passes when they talk about cutting expenditures. They would take a look at all Federal expenditures, and determine how to cut \$6 billion.

Under the approach now in the proposal this would not be the case Congress would have vetoed expenditures on new direct Federal civil public works features and projects and turned it over to some man downtown to determine if some of them should be undertaken because it is vital. The Senator offered the amendment to provide that all continuing projects would be judged on the same basis as other expenditures if we provide for an overall cut of \$6 billion.

Mr. RANDOLPH. That is all.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RANDOLPH. Mr. President, I yield 2 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, the Senator from Florida suggested that I make some statements now that I have prepared in connection with the bill.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield to me for 2 minutes so that I may clarify the matter?

Mr. STENNIS. I beg the Senator's pardon. I came in late. My presentation was with respect to the bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. WILLIAMS of Delaware. Mr. President, the original proposal that the Senator from Florida and I proposed was to put a moratorium, first, on new projects until they had been certified as being essential. Second, it was our proposal to ask for a reexamination of existing projects to see whether or not they can be slowed down or held down without jeopardizing the welfare of the country or resulting in an economic loss.

In order to effect a compromise we deleted from our proposal the request for reexamination of those projects already in existence, but we retained the moratorium on new projects as it was in the original proposal.

The Senator from West Virginia now wants to strike out even that part, which would leave no control as far as the new projects are concerned. If his amendment is approved it will be the signal for spending as usual.

That is the reason so much is riding on this vote—and I cannot overemphasize it. Normally, one vote would not be the key, but there are other factors involved in this instance. There are \$6 billion in reductions in spending, which is important, and a proposal calling for the President to send down his proposed plan for reducing the budget by \$10 billion; however, to implement that \$10-billion reduction in appropriations will require

further action by Congress. The Senator from Mississippi recognizes that.

Mr. President, the reason so much is riding on this vote is that to many on this side of the aisle this is a key test. Will the Senate stand up when that recommendation for \$10-billion reduction comes down, or will they take the politically expedient way of voting for full spending authority.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 2 additional minutes.

Public works projects have a lot of appeal in all of our States; but can the Senate afford to exempt them from being a part of the \$6-billion reduction? This next vote will be an indication as to what the Senate will do later.

Therefore, if we lose this vote we may very well lose the bill. Therefore I say that there is very much riding on this vote. This is a very important moment.

The Senator realizes that we are not just talking about \$250 million in new starts. It is not only the \$250 million in starts, but we are committing a total of \$2.5 billion.

However, the situation gets back to the one key point: Does the Senate want to control spending bad enough that Senators will vote to control a program which is popular in each of the 50 States? That is the point that is so important tonight.

The Senator from Florida and I have gone far to meet the objectives of the Senator from West Virginia in the hope that we could retain this part of the measure, which many of us feel is the most essential.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. Mr. President, I yield 1 minute to the Senator from Indiana.

Mr. HARTKE. Mr. President, I wish to pay tribute to the chairman of the Committee on Finance, the distinguished Senator from Louisiana [Mr. Long] for his clear statement with respect to what the problem really is. I think the statement by the chairman of the committee was quite clear.

The chairman of the Ways and Means Committee in the other body has been saying for a long time, "If you are going to have cuts show me the cuts you propose; and then we can talk about a tax increase."

I commend the Senator from Louisiana. If the Senate agrees to the Williams-Smathers amendment we might as well abolish the Congress because we would have no function except to take orders.

Mr. LONG of Louisiana. Mr. President, under the proposal of the Senator from Delaware, Congress would be powerless to initiate any new program. We would, in effect, tell the Committee on Appropriations and the Committee on Public Works that we are in such desperate shape that we cannot have new school buildings or a new dormitory for children.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG of Louisiana. Mr. President, we could not even start a new post office building. We would be telling the country we are in desperate shape. Mr. President, if we were in that situation, I would vote for the proposal. But in the present situation, I would hope that we would wait to see exactly what new starts would be considered and that we would decide the same as we would on anything else that is in the national interest.

Mr. CURTIS. Mr. President, will the Senator yield to me for 2 minutes?

Mr. WILLIAMS of Delaware. I yield 2 minutes to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I shall only take 2 minutes. I shall oppose the Randolph amendment.

I come from a State that has had a great deal of public works. We hope to have more public works. We are very much interested in the conservation of our soil and water resources. However, first things come first and the war in Vietnam will not go away by merely pretending that it does not exist. The battle over the dollar and gold, and the problems in connection with a balanced budget will not disappear by mere oratory.

I suggested a couple of years ago that we have a moratorium on new social programs. However, those commitments have gone on. They will have to be met in good faith. There are a few places we could cut, and I am not about to desert the men who are fighting in Vietnam and further jeopardize the financial position of this country by taking the position that I do not want something cut that is dear to my heart and the people I represent.

I shall support the proposal of the Senators from Delaware and Florida.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. KUCHEL. Mr. President, will the Senator yield to me for 2 minutes while Senators are in the Chamber waiting to vote?

Mr. WILLIAMS of Delaware. I yield.

Mr. KUCHEL. Mr. President, a number of Senators on this side of the aisle, I wish to say to my friend from Louisiana, are interested in how late we are going to stay tonight.

I count nine more amendments that are available to be taken up, at an hour a piece maximum, plus one which the Senator from New York has on which, under the unanimous-consent agreement, 2 hours have been allotted. That, roughly, plus the 4 hours available on the substitute, would be about 13 hours before third reading would be reached.

I also understand, I will say to my able friend from Louisiana, that the House has now adjourned, apparently until Monday. Therefore, I think the Senate should have some idea how long my able friend from Louisiana would want us to run before the hazard of rollcalls is waived.

Mr. LONG of Louisiana. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. LONG of Louisiana. Quite a few

Senators on both sides of the aisle have pleaded with me to try to get on with the bill and hold the Senate in session, if need be, so that we can vote.

I shall try to keep the Senate here until 9 o'clock to vote on as many amendments as possible. However, if the Senate is weary and tired, perhaps we could quit around 8 o'clock. I would hope that we could proceed to vote on as many amendments as possible, but when I detect that the Senate is weary, then we will go home and come back tomorrow.

Mr. KUCHEL. I thank my friend from Louisiana very much.

Mr. MILLER. Mr. President, will the Senator from Louisiana yield me 2 minutes?

Mr. LONG of Louisiana. Mr. President, I yield 2 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 2 minutes.

Mr. MILLER. Mr. President, I think we all feel as strongly as anyone else about the relationship between what we are doing on the main Williams-Smathers amendment and the war in Vietnam. I do not see that it has any direct relationship to the pending amendment of the Senator from West Virginia [Mr. RANDOLPH].

If I understand the Senator from Louisiana correctly, he is saying this: that if we take the Randolph amendment then all public works, new starts, and continuing programs are fair game for the appropriations committees when it comes to cutting \$6 billion which is in the Williams-Smathers amendment.

If that is so, I think there is a great deal of merit to the argument. There may be some new starts that are more important to the Nation's health and welfare than some of the continuing projects. If we do not take the Randolph amendment, then we prevent the appropriations committees from making that decision.

I think we can, in clear conscience, vote for the Randolph amendment and still hang tight to the \$6 billion expenditure reduction.

Mr. MOSS. Mr. President—
The PRESIDING OFFICER. Who yields time?

Mr. LONG of Louisiana. Mr. President, I yield 2 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 2 minutes.

Mr. MOSS. Mr. President, I have long supported a tax increase because I think it is the only reasonable thing to be done to halt the present inflation that threatens us and which, in fact, we are already experiencing.

Last year, I spoke out, as I did before we adjourned that I do not buy the argument we should wait until all appropriations are in to talk about a tax bill. That is the last thing we will do on the last day of this session, pass an appropriation bill. So that we would be putting off a tax increase for another year.

But I want to speak to the amendment of the Senator from West Virginia.

It seems to me it would be the height of folly to direct a cut to public works and

say that there will be no new starts and say that this is the place we have to cut the dollars, because I think, in so doing, we weaken the fabric of our economy. In fact, it would be disastrous in many places.

Not only that, but section 4, which remains in the Williams-Smathers substitute, provides for a cut.

It further provides that the cut may go any place Congress chooses to make it. So that if we are going to make a cut, we can determine whether we want the cut in the foreign field or in the military field, or wherever we want to cut, without weakening the economy.

If we now deprive ourselves of new starts in the field of schools, public projects—and there are three projects in my State—flood control projects, and all these other matters, we then have deprived ourselves, as a body of Congress, of determining where the cuts shall be made.

I shall vote for the amendment of the Senator from West Virginia.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia [Mr. RANDOLPH].

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. MILLER (after having voted in the affirmative). On this vote, I have a live pair with the Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "nay"; if I were permitted to cast my vote, I would vote "yea." I withdraw my vote.

Mr. BYRD of West Virginia. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Arizona [Mr. HAYDEN], the Senator from New York [Mr. KENNEDY], the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Wyoming [Mr. MCGEE], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Virginia [Mr. SPONG] are necessarily absent.

I also announce that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. LONG], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that, if present and voting, the Senator from New York [Mr. KENNEDY] would vote "yea."

On this vote, the Senator from Rhode Island [Mr. PASTORE] is paired with the Senator from Virginia [Mr. SPONG]. If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from Virginia would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Massachusetts [Mr. BROOKE], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. FANNIN], and the Senator from Illinois [Mr. PERCY] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Kansas [Mr. CARLSON], the Senator from Massachusetts [Mr. BROOKE], the Senator from Arizona [Mr. FANNIN], and the Senator from Illinois [Mr. PERCY] would each vote "nay."

The pair of the Senator from Illinois [Mr. DIRKSEN] has been previously announced.

The result was announced—yeas 42, nays 37, as follows:

[No. 88 Leg.]

YEAS—42

Bayh	Hill	Monroney
Bible	Holland	Montoya
Brewster	Hollings	Morse
Burdick	Inouye	Moss
Byrd, W. Va.	Jackson	Mundt
Clark	Javits	Muskie
Dodd	Jordan, N.C.	Nelson
Ellender	Kennedy, Mass.	Randolph
Ervin	Long, La.	Symington
Fong	Magnuson	Talmadge
Gruening	McGovern	Tydings
Harris	McIntyre	Williams, N.J.
Hart	Metcalf	Young, N. Dak.
Hartke	Mondale	Young, Ohio

NAYS—37

Aiken	Eastland	Prouty
Allott	Gore	Proxmire
Anderson	Griffin	Ribicoff
Baker	Hansen	Russell
Boggs	Hatfield	Scott
Byrd, Va.	Hickenlooper	Smathers
Cannon	Hruska	Smith
Case	Jordan, Idaho	Stennis
Church	Kuchel	Thurmond
Cooper	Lausche	Tower
Cotton	Morton	Williams, Del.
Curtis	Murphy	
Dominick	Pearson	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Miller, for.

NOT VOTING—20

Bartlett	Hayden	Pastore
Bennett	Kennedy, N.Y.	Pell
Brooke	Long, Mo.	Percy
Carlson	Mansfield	Sparkman
Dirksen	McCarthy	Spong
Fannin	McClellan	Yarborough
Fulbright	McGee	

So Mr. RANDOLPH's amendment was agreed to.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which the amendment was adopted.

Mr. LONG of Louisiana. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President, I offer an amendment, which is at the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Washington will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 3, line 18, after the first comma, to insert "the Central Intelligence Agency".

Mr. JACKSON. Mr. President, I am offering this amendment for myself and the distinguished Senator from North Dakota [Mr. YOUNG].

The amendment is obvious. On page 3, Members of the Senate will note that the Williams-Smathers substitute exempts from the employment freeze the Department of Defense, Postal Field Service, and the Federal Bureau of Investigation, among others. I do not think it is necessary for me to explain the obvious reason why we should exempt the

Central Intelligence Agency from this personnel limitation.

It is my understanding that the able Senator from Florida [Mr. SMATHERS] is prepared to accept the amendment.

Mr. SMATHERS. Mr. President, I think we should inquire of the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS of Delaware. Mr. President, I would have no objection to accepting it, but if any other Senator has any other exemptions to propose, he had better bring them up at this time.

Mr. LONG of Louisiana. Mr. President, I yield back my time.

Mr. JACKSON. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

AMENDMENT NO. 676

Mr. MONRONEY. Mr. President, I desire to call up my amendment at the clerk's desk, No. 676.

The PRESIDING OFFICER. The amendment will be stated by the clerk.

The legislative clerk proceeded to read amendment No. 676.

Mr. MONRONEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

Amendment No. 676 is as follows:

On page 27, strike out the table following line 14 and insert the following:

"Calendar year	Percent	
	Individuals	Corporations
1968.....	3.375	4.5
1969.....	2.25	2.25"

On page 28, line 1, strike out "10 percent" and insert "4.5 percent".

On page 35, after line 2, insert the following new sections:

"SEC. 14. INCREASE IN TAX ON DISTILLED SPIRITS.

"(a) TAX INCREASE.—Section 5001(a) (relating to rate of tax on distilled spirits) is amended by striking out '\$10.50' each place it appears therein and inserting in lieu thereof '\$15.50'.

"(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on April 1, 1968.

"SEC. 15. INCREASE IN TAX ON CIGARETTES.

"(a) TAX INCREASE.—Section 5701(a) (relating to tax on cigarettes) is amended—

"(1) by striking out '\$4 per thousand' in paragraph (1) and inserting in lieu thereof '\$5 per thousand'; and

"(2) by striking out '\$8.40 per thousand' in paragraph (2) and inserting in lieu thereof '\$10.50 per thousand'.

"EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on April 1, 1968.

"SEC. 16. REIMPOSITION OF CERTAIN EXCISE TAXES.

"(a) RETAIL TAXES.—There is hereby imposed upon articles sold at retail which were taxable under—

"(1) subchapter B of chapter 31 (relating to furs), and

"(2) subchapter C of chapter 31 (relating to toilet preparations),

as such provisions were in effect on the day before the date of the enactment of the Excise Tax Reduction Act of 1965, a tax at the rate which was in effect on such day.

"(b) MANUFACTURERS TAXES.—There is hereby imposed upon the sale by the manufacturer, producer, or importer of articles which were taxable under—

"(1) subchapter C of chapter 32 (relating to entertainment equipment), and

"(2) part II of subchapter D of chapter 32 (relating to photographic equipment), as such provisions were in effect on the day before the date of the enactment of the Excise Tax Reduction Act of 1965, a tax at the rate which was in effect on such day.

"(c) ADMISSIONS AND CLUB DUES.—There is hereby imposed on amounts paid which were taxable under subchapter A of chapter 33 (relating to admissions and club dues) as such provision was in effect on the day before the date of the enactment of the Excise Tax Reduction Act of 1965, a tax at the rate which was in effect on such day.

"(d) OCCUPATIONAL TAXES.—There is hereby imposed on each activity which was taxable under—

"(1) subchapter B of chapter 36 (occupational tax on coin-operated devices), and

"(2) subchapter C of chapter 36 (occupational tax on bowling alleys, billiard and pool tables), as such provisions were in effect on the day before the date of the enactment of the Excise Tax Reduction Act of 1965, a tax at the rate which was in effect on such day.

"(e) EFFECTIVE DATE.—This section shall take effect on April 1, 1968.

"(f) REGULATIONS.—The Secretary of the Treasury or his delegate shall prescribe such regulations as may be necessary to carry out this section."

Mr. MONRONEY. Mr. President, I think I would save the time of Senators if I were just allowed to explain it.

AMENDMENT NO. 680

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MONRONEY. I am glad to yield.

Mr. DOMINICK. Mr. President, I send an amendment to the desk for printing. The amendment concerns the nonpayment of gold to nations who owe us money and have not paid in accordance with the terms of their obligations.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MONRONEY. Mr. President, briefly, my amendment seeks to cut down what I feel is an oppressive amount of surtax, 10 percent, as provided in the amendment of the Senator from Delaware [Mr. WILLIAMS].

My major difference is that I propose to cut the 10-percent surtax down to 4½ percent for individuals and corporations.

My amendment contains the same provisions for accelerated corporate income tax payments, with estimated revenues of \$300 million, that is in the committee bill and the substitute proposal by the Senator from Delaware.

It includes the retention of automobile and telephone excise taxes, of \$2.7 billion.

Then these are new taxes:

We increase, in my amendment, the tax on cigarettes by 25 percent, from 8 cents to 10 cents per pack, which will raise \$500 million, according to Treasury figures. After all, we are trying to discourage the smoking of cigarettes. We

print on each package of cigarettes that smoking may be injurious to health, and I think this is a luxury that could well stand the 2-cents-a-package increase, and produce \$500 million.

We increase the tax on alcoholic beverages by approximately \$1 a fifth. This is an increase of 50 percent. Many of my friends say, "Well, surely it is worth that much." But whether it is or not, it will produce revenues of \$1.5 billion. This, I think, is a legitimate objective.

We reimpose the luxury taxes that we repealed. Bear in mind, we did not raise these: we merely reimposed those that we repealed in 1965.

I believe it is undeniable that conditions are different now than when we repealed these luxury taxes. So the taxes on phonograph records, musical instruments, radios, TV sets, phonographs, and photographic equipment will amount to \$400 million.

The tax on furs, at 10 percent, and on toilet preparations—this includes men's shaving lotions as well as ladies' cosmetics, and we do not include baby oil; I remember we were hooked on the baby oil many times when this was originally instituted—will produce \$300 million.

On amusements, we include again the tax we once had of 10 percent on moving pictures, on night clubs, on the theater, and on recreational types of things, and we raised \$236 million in that manner.

This brings us out with new revenues of \$10.3 billion. That compares with new revenues to be produced by the amendment of the distinguished senior Senator from Delaware of \$12.8 billion. So we are \$2.5 billion below that figure.

I think when we consider the tremendous impact that a 10-percent surtax on top of the already high prevailing personal tax rates would have, this would be a more satisfactory substitute. We have always had luxury taxes in time of war. They are accepted. They have been a part of our tax structure in wartime as long as any of us can remember; and I believe the people prefer that type of tax, rather than have the increase built into the income tax structure.

People with whom I have talked are fearful that if we add a 10-percent surtax to the income taxes, we may be forever in getting that 10-percent surtax off; but they know from past experience that we will take the luxury tax off. Once imposed in time of war, it tends to reduce as the emergency decreases.

There were many other taxes we could have added, but which were not put in. They would have produced another \$1.5 billion; but the reason we did not include them was because they deal largely with household furnishings like refrigerators, which are necessary, with household appliances, room air conditioners, light bulbs, jewelry, luggage, and things of that kind. If we need to consider additional sources of revenue, I have a list that would produce another \$1.5 billion, and we would then be within \$1 billion of what the amendment of the Senator from Delaware will produce, under the 10-percent surtax.

I believe this is a good piece of legis-

lation. The Treasury has helped in supplying these figures, and I personally know, from discussing the matter throughout my State and talking about the difference between the two types of taxes, and where the burden will fall on luxuries, that my constituents far prefer to have luxury taxes.

They say, "This is a tax we do not have to pay unless we want to buy that gin, or go to this night club, or buy a fur coat, or go to a movie."

So I believe this is a very logical way to meet the crisis caused by the war in Vietnam. It will not be an unusually heavy tax, with a 4.5-percent surtax, and certainly the luxury burden will fall very lightly on the general public of this great country.

Mr. President, I reserve the remainder of my time.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that there be a short quorum call, charged to neither side.

The PRESIDING OFFICER. Is there objection?

Mr. LONG of Louisiana. Mr. President, may we have it understood that the Senator is not going to insist on bringing the full 51 Senators into the Chamber?

Mr. WILLIAMS of Delaware. We cannot have a vote without 51 percent.

Mr. LONG of Louisiana. Is the Senator ready to yield back his time and vote, or does he want to debate?

Mr. WILLIAMS of Delaware. No, but there is no point in debating to an empty Chamber.

Mr. LONG of Louisiana. I hope the Senator will not insist on a quorum call. It will take a considerable amount of time.

Mr. WILLIAMS of Delaware. It should not take much time. We had 70 Senators for the last vote, and they are around when it comes time to vote. If we can not get 51 Senators, we are not going to be able to vote tonight, anyway.

Mr. LONG of Louisiana. Would the Senator be willing to take the time for the quorum call out of both sides?

Mr. WILLIAMS of Delaware. Well, no. I think we can have it without it being charged. I ask that the time not be charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MONRONEY. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. SMATHERS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Florida is recognized for 5 minutes.

Mr. SMATHERS. Mr. President, it grieves me very much ever to be in opposition to the distinguished senior Senator from Oklahoma. I do not know of any finer public servant anywhere. I know that no Senator gives any greater thought to the problems of his State than does the Senator from Oklahoma.

I do not think there is a finer expert to be found anywhere in the United States on matters of transportation than the distinguished Senator from Oklahoma.

So, as I say, it bothers me to be in any fashion in opposition to him. The only reason I am in opposition to him on the particular proposal is because I believe the matter of how we should levy these taxes, if we can get taxes, is a matter on which we should have some hearings before either the Senate Finance Committee or the House Ways and Means Committee.

We have at least had hearings on the matter of a 10-percent surtax charge, and the people who opposed it because they felt that it would hit them most heavily, have had the opportunity to come in and testify. However, the particular proposal of my distinguished and good friend, the Senator from Oklahoma, concerns certain taxes in the excise field.

The people who would be drastically affected by it have not had an opportunity to be heard.

An excise tax is a more regressive tax than a surtax for the simple reason that it weighs far more heavily on the little man than it does on the big man. A surtax, in my judgment, is a fairer tax because it falls on those who are most able to pay.

If the Senator won acceptance of his suggestion that we lessen the surtax and substitute excise taxes, I think he would accomplish what I know he did not intend to accomplish. I refer to the fact that he would put a greater burden on the little people than he would on those who can better afford to pay.

I think we should be reminded that the special 10-percent surtax also does not apply, as it is now proposed, in the same way with regard to all tax groups.

A family of two can have a taxable income of \$2,000, before it will be affected at all by the proposed 10-percent surtax.

I believe that we need hearings on this proposal that the distinguished Senator from Oklahoma has advanced. I think those people who would be affected by it should have an opportunity to come in and be heard. I therefore respectfully and regretfully, because the Senator from Oklahoma is the sponsor of the measure, urge the Senator to reject the amendment.

Mr. MONRONEY. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. MONRONEY. Mr. President, I am deeply grateful to my very gracious friend. I had the honor of serving with the Senator from Florida in the House and had the honor of going on the Commerce Committee of the Senate with him on the same day that we both came to the Senate. I deeply appreciate his very kind words. I appreciate also the sincer-

ity and the great ability that he has to make the points against my amendment.

I have one important point to make. There are no new taxes contained in here. There is nothing new to the Senate or to the taxpayer, because these are taxes that we relieved the taxpayers from paying in 1965. That proves generally my point that an excise tax is easier to get rid of than is a tax that is built into the regular tax structure, like a surtax that can go on and on like a babbling brook. I have seen that done. I have seen the rates maintained through the machinery here.

I do not think there is any reason to wonder about whether a tax on the slot machines is burdensome or not. One will hear testimony to the effect that it is. However, everybody stands in line at Las Vegas and other places to put their money in the slot machines.

In the case of amusements, the pool halls do a great business. There is a tremendous business at the race tracks and at all athletic events. There is no sport that is not prospering as it has never done before.

The night clubs in Washington are the only places that are really busy, and whether it is for the lack of anything else to do in the rather dull Nation's Capital, I do not know, but certainly they are packing them in and doing a big business.

While I do not patronize them, I understand that a check for a nice little evening meal, and a little entertainment can reach \$50 or \$100 very easily for a rather small party.

I see no reason to have hearings. It would help to pep up the committee hearings if some of the performers could come in and testify in costume, I am told. And I think we might have to take the largest hall we have to accommodate the crowd in that event. I do not think that there is anything strange about any of these things relating to the amusement tax.

We know what a fur coat is. We know that fur coats will be sold whether there is a 10-percent tax or not. And with respect to all of the wildlife in Wisconsin or Alaska which is used for the raising and propagation of furs and fox skins and things of that kind, the tax will not involve a magnitudinous question of the survival of the industry.

I explained the toilet preparation tax. We want to be equally fair to the women and to the men. For that reason we will tax shaving soap and men's toilet preparations the same as the toilet preparations and cosmetics for the ladies.

There will be no baby oil tax involved in this. This is a straight cosmetic type tax.

We are taxing the hobbies a bit, and particularly the phonograph records, which is one of the biggest booming businesses we have in the country. Certainly the records that I buy sell for about twice what they sold for not so many years ago.

With respect to the musical instruments—I believe from the number of bands and particularly the high school bands, that there is no reason to believe this industry cannot stand a tax.

Sales of radio and television sets are going good.

Phonographs are still selling well. Photographic equipment has never had quite such a boom as it enjoys now.

The tax on amusement includes not only all nightclubs and race tracks, but it will also include the legitimate theater.

We used to pay about \$3.50 for seats downstairs. However, I think the seats are now about \$6.60, and the plays are not that much better. Still, we are entitled, I think, to place a luxury tax on such items.

Certainly, Mr. President, the moving picture industry can easily bear the tax. Incidentally, I believe it is high time to put on a tax, not for our displeasure, but perhaps to say that this industry is not living up to the cultural needs of this country. If one looks through tonight's newspaper, he will see the pornographic pictures of lust and nudity advertised blatantly. If this industry is going to continue along this track, it could very easily pay the 10-percent admission tax that is proposed to be added.

I recall going to see a week of the Greta Garbo festival at the Apex, and I enjoyed the show, and the ticket cost me \$2.50. As a movie critic back in the old days on the Oklahoma News, I saw that picture—no difference whatever—for 25 cents. Can anyone tell me that the cost to rerun that picture has risen from 25 cents to \$2.50?

These people have brought their prices up to the sky. They are producing the lowest level in junk that the movie industry has ever produced. Certainly, this is a source of income we should have.

I believe the tax on alcohol is justified. Every government of which I know feels that this is an item that is not of great benefit to the people and that it should carry a higher excise tax than other items normally do.

Certainly, the addition of \$1 a fifth would not be detrimental to the industry. It might help a little to reduce the consumption, and that would probably be good for the health of the Nation. But, be that as it may, it would produce \$1.5 billion, and I believe that is quite important in the situation in which we find ourselves.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. COOPER. The Senator has said that the increase in the excise tax on distilled spirits, which he proposes, would produce an additional \$1.5 billion in taxes?

Mr. MONRONEY. Yes, excise taxes. An additional \$1 a fifth.

Mr. COOPER. What does the present excise tax on distilled spirits produce for the Treasury?

Mr. MONRONEY. Roughly, \$3 billion. Mr. COOPER. The increase proposed by the Senator's amendment is from \$10.50 to \$15.50 a gallon? That would be a \$5 increase. That would produce a total from distilled spirits of how much?

Mr. MONRONEY. It is a 50-percent increase. It would have to be \$4.5 billion, if I calculate correctly.

Mr. COOPER. I note that the Senator also proposes to increase the tax on cigarettes, from \$4 per thousand to \$5 per thousand.

Mr. MONRONEY. Two cents a package.

Mr. COOPER. I gather from the questioning of the distinguished Senator from Florida [Mr. SMATHERS] that these excise tax increases, several in number, were not proposed by the Senator from Oklahoma before the Senate Finance Committee.

Mr. MONRONEY. No, I did not, because I did not know a surtax was going to be offered to this bill. I would have held this up until we considered a surtax, had it not been for Senator WILLIAMS of Delaware and Senator SMATHERS presenting this proposal. I doubt very seriously that the surtax was heard a great deal. This came from the House as a simple extension of the expiring excise taxes, as the Senator is aware.

Mr. COOPER. In addition to the Senator's proposals to increase the Federal tax on distilled spirits and cigarettes, his amendment would reimpose to the wartime level certain other excise taxes, which have been removed by Congress in past years. But as I understand, the tax he proposes on distilled spirits and cigarettes would exceed even the wartime level.

Mr. MONRONEY. All those existed—I do not believe to this degree on alcohol or cigarettes. I am not certain what that tax was.

Mr. COOPER. What would be the total effect of the Senator's amendment upon revenues, if it should be adopted?

Mr. MONRONEY. My amendment, if adopted, with a 4.5 percent surtax, would raise the total amount of \$10.3 billion.

Mr. COOPER. Is the Senator speaking on limited time?

Mr. MONRONEY. I have plenty of time.

Mr. COOPER. In stating my position, I should like to point out, that I have supported and continue to support the 10 percent surtax recommended by the administration, continuation of the excise taxes as recommended by the administration on automobiles and telephones, and that I also support a substantial reduction in expenditures of at least \$6 billion. We had a very important test a few minutes ago on reduction of expenditures—in which we were really saying whether we would consent to reductions on those projects which would affect us in our own States. I believe we were called upon to say by our vote whether we would make a decision which would really hurt us a little. Unfortunately, the Senate did not make that decision.

The Senator's proposal affects two industries in my State. One is the distilled spirits industry, and the other is the cigarette industry—and more precisely, the burley tobacco industry.

They are legal and productive industries. Whatever moral views people may hold, these are legal industries. Together, they already produce an enormous amount of tax revenues for the Federal Government, and for State and local governments. But there is a limit to the tax they can be asked to bear.

The excise tax on a gallon of distilled spirits is \$10.50. The tax already is many times the cost of a gallon of distilled spirits. Also, it is the only product I know

on which the producer is required to pay the excise tax before it is sold. The industry pays out hundreds of millions of dollars to the Federal Government and to the State government when the bonding period has ended, before sale.

The situation with respect to the tax on cigarettes is similar. The tax on cigarettes is much greater than the value of the tobacco. For example, farmers receive only about 3 or 4 cents for the tobacco in a pack of cigarettes, from which the Federal Government receives 8 cents.

Both distilled spirits and cigarettes are taxed very heavily, and much more heavily than other products. This has occurred, I assume, because it seems easy to tax these products. But they should not be burdened with even heavier and inequitable taxes, simply because it seems an easy thing to do. That would be unfair.

So I urge that the Senate reject the pending amendment, for two reasons: First, because the Senate has not had sufficient opportunity to consider the amendment. Second, because the Senator's proposal with respect to these products is inequitable.

The proposal has often been made to take advantage of these two products; I have opposed these proposals in the past and do so now.

The Senator's proposal at this late hour would be similar to my offering an amendment tonight to reduce the 27.5-percent depletion allowance on oil. These votes tonight have been very close; such an amendment might pass. I think the Senator ought not begin to single out products.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MONRONEY. We have an amendment at the desk by the Senator from Delaware that would seek to reduce the allowance from 27.5 to 20 percent.

Mr. COOPER. The Senator is going to oppose that proposal, is he not?

Mr. MONRONEY. Yes. It is as important to me as whisky is to some other States. When I read all of these big ads about Cabin Still and Four Roses at \$3.25 a fifth, surely that is worth \$4.25, because they were once higher than that. I am sure that the great product of Kentucky has such a reputation with those who wish to imbibe that they would be willing to accept the great sacrifice and pay \$1 more in the future for a fifth, rather than to have the 10-percent surtax on all of their income.

Mr. COOPER. I would be happy to listen to the Senator's argument in connection with the depletion amendment. I must oppose his amendment to substantially increase the Federal tax on distilled spirits and cigarettes—which are already very large—and ask that it be defeated by the Senate.

Mr. SMATHERS. Mr. President, I yield back the remainder of my time.

Mr. MONRONEY. Mr. President, will the Senator yield to me for 1 minute?

Mr. SMATHERS. I yield.

Mr. MONRONEY. Mr. President, due to the absence of so many Senators from the Chamber, I am sure that few Senators have heard the issues joined.

My feeling is that the bill will come out of the House of Representatives with hardly any of the additions or changes that the Senate might make in the bill. Therefore, I hope to have this amendment in the bill when it goes to the House so they will have some idea as to what it is all about. Then, when they write their revenue bill, it will receive some priority along with the suggestion for a 10-percent increase in the individual and corporate taxes, or a surtax charge.

I yield the floor.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Oklahoma. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. McCARTHY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. McGEE], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], the Senator from Alabama [Mr. SPARKMAN], the Senator from Virginia [Mr. SPONG], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

I also announce that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. LONG], the Senator from Texas [Mr. YARBOROUGH], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I further announce that, if present and voting, the Senator from South Carolina [Mr. HOLLINGS] and the Senator from Rhode Island [Mr. PASTORE] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Massachusetts [Mr. BROOKE], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. FANNIN], and the Senator from Illinois [Mr. PERCY] are necessarily absent.

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Kentucky [Mr. MORTON] are detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Massachusetts [Mr. BROOKE], the Senator from Kansas [Mr. CARLSON], the Senators from Illinois [Mr. DIRKSEN and Mr. PERCY], and the Senator from Arizona [Mr. FANNIN] would each vote "nay."

The result was announced—yeas 13, nays 62, as follows:

[No. 89 Leg.]

YEAS—13

Byrd, W. Va.	Harris	McIntyre
Church	Hayden	Monroney
Clark	Hill	Randolph
Cotton	Inouye	
Gore	Lausche	

NAYS—62

Aiken	Gruening	Mundt
Allott	Hansen	Murphy
Anderson	Hart	Muskie
Baker	Hartke	Nelson
Bayh	Hatfield	Pearson
Bible	Holland	Proudy
Boggs	Hruska	Proxmire
Brewster	Jackson	Ribicoff
Burdick	Javits	Russell
Byrd, Va.	Jordan, N.C.	Scott
Cannon	Jordan, Idaho	Smathers
Case	Kuchel	Smith
Cooper	Long, La.	Stennis
Curtis	Magnuson	Symington
Dodd	McGovern	Talmadge
Dominick	Metcalf	Thurmond
Eastland	Miller	Tower
Ellender	Mondale	Williams, N.J.
Ervin	Montoya	Williams, Del.
Fong	Morse	Young, N. Dak.
Griffin	Moss	

NOT VOTING—25

Bartlett	Kennedy, Mass.	Pell
Bennett	Kennedy, N.Y.	Percy
Brooke	Long, Mo.	Sparkman
Carlson	Mansfield	Spong
Dirksen	McCarthy	Tydings
Fannin	McClellan	Yarborough
Fulbright	McGee	Young, Ohio
Hickenlooper	Morton	
Hollings	Pastore	

So Mr. MONRONEY's amendment was rejected.

Mr. DOMINICK. Mr. President, I call up my modified amendment, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated, as modified.

The ASSISTANT LEGISLATIVE CLERK. At the end of the bill insert the following new section:

SEC. 8. FOREIGN NATIONS INDEBTED TO THE UNITED STATES

(a) The Secretary of the Treasury shall promptly after the date of enactment of this Act make demand on all countries which are more than 90 days in arrears in the payment of principal or interest on obligations owing to the United States (including obligations incurred during World War I or World War II) for the amount of any such arrearages.

(b) During any period in which any foreign nation is in arrears, as determined by the Secretary of the Treasury, in the payment of principal or interest on obligations owing to the United States (including obligations incurred during World War I or World War II), dollars held by such nation, or any instrumentality thereof, which are presented for redemption in gold to the United States, or any officer or agency thereof, shall, in lieu of such redemption, be credited against the amount by which such nation is in arrears in the payment of principal or interest on such obligations.

Mr. LONG of Louisiana. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 minute.

Mr. LONG of Louisiana. Would the Senator from Colorado agree to a lesser time limitation than 1 hour on each side? This amendment was at issue during debate on the gold cover. I know that Senators are anxious to vote and I would hope that this would be the last vote this evening.

Mr. DOMINICK. I would be happy to restrict myself in the time allotted for my amendment. I think 20 minutes would be sufficient to take care of other Senators who may wish to talk.

Mr. LONG of Louisiana. Mr. President, I thank the Senator.

Mr. President, I ask unanimous con-

sent that the time on this amendment be limited to 20 minutes on each side.

Mr. YOUNG of North Dakota. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOMINICK. Mr. President, I gather, then, that the Senate is now operating under the 1-hour time limitation. I shall try to be as brief as I can.

First of all, let me say to my colleagues, this is very nearly the same amendment I offered during the recent gold cover debate. At that time, many Senators felt that we should not make any change in the proposed bill then before us because if we did, it would have to go back to conference and as a consequence some Senators felt obligated to vote against my amendment although they may have done otherwise under different circumstances.

It seems perfectly obvious from what we have been doing here that the pending bill will go to conference and, therefore, that argument no longer applies.

Mr. PEARSON. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER (Mr. CHURCH in the chair). The Senate will please be in order.

Mr. DOMINICK. Mr. President, I concur with what the distinguished Senator from Mississippi said earlier today. It seems to me that we are in the eye of an economic hurricane and unless we do something about it we will find our whole economic situation deteriorating and we will lose the remaining gold we have.

I might say, for the benefit of those who are here, that we have already lost gold since March 14 when we passed the gold cover bill. Since that time the central banks have met in an attempt to form some kind of agreement under which they could solidify the rest of their holdings.

Senators will remember what they said was twofold: "One, we are no longer going to support a gold pool; two, we will trade freely between central banks at \$35 an ounce, but any bank that sells privately shall be automatically excluded from the right of exchanging gold within the central bank system."

That was fine as far as the six central banks are concerned, but there are a great many of them in the International Monetary Fund, and some of those countries are still overdue to us in their obligations.

I am not asking that we as a country immediately require that they pay all the debt that is due us. I am simply asking that they pay their arrearages before they get any gold from the United States.

This amendment is similar to the amendment I called up on March 14 during the course of the debate on the removal of the gold cover. I have added a provision requiring that the Secretary of the Treasury make demand for the past due debts. My original amendment was defeated by a narrow two-vote margin.

The arguments in support of this amendment are, in my judgment, even more compelling today than on March 14.

The arguments I advanced earlier have been strengthened by subsequent events.

On the other hand, Mr. President, the arguments advanced in opposition to

this amendment on March 14 have lost their relevancy. The "old" arguments of March 14 have been victimized by the passage of time—a brief 2-week period in this country's history, the impact of which, in my judgment, will adversely affect the economic future of this country.

We are in the eye of an economic hurricane; we must act and act responsibly—now—during the lull—to protect ourselves against the next economic storm.

We have accomplished little in the past 2 weeks to correct our economic dilemma except perhaps to purchase more time in which to set our economic house in order.

We bought time with the removal of the gold cover.

Everyone who attended and everyone who reported the historic meeting between the seven central banks in Washington March 16 and 17 agreed that the maximum result achieved was the purchase of time.

But must the price of that time be the last ounce of gold in Fort Knox? I think not.

We all pay lip service to the economic truth that two things must be accomplished before we can extricate ourselves from our present dilemma. First, the balance-of-payments deficit must be closed. Second, our domestic deficit must be cut. Hopefully, we will move forward in both areas immediately.

But I fail to comprehend how we can ask our constituents to tighten their belts and pay more taxes—to protect our monetary system—and then turn around and let countries who are past due in their debts walk off with our gold supply.

Mr. President, I would like to meet head on the arguments advanced against my amendment on March 14.

First, it was urged that the gold cover bill could not be amended because of the crisis then confronting us. The marching orders were issued and the desired result was achieved. That argument is not applicable here. This bill has been amended both in committee and on the floor.

Now every Senator can cast his vote on the issue. The amendment can be voted up or down on its merits.

Second, the convertibility question. It was argued by the Treasury in a memo I placed in the RECORD as well as by several of my colleagues on the floor that this amendment would damage the convertibility of the dollar.

That argument is now moot.

Major restrictions were placed on the convertibility of the dollar by the United States with the concurrence of the major central bankers on March 17. If any central bank sells in the private market, we will not exchange dollars for gold with that central bank. This is a major condition on the convertibility of the dollar—mine by comparison is a most minor condition.

Now we come to the gold pool question. The gold pool is defunct. No country needs our gold to support their interest in that pool. The only reason a country can possibly have for exchanging dollars for our gold is to benefit their own gold reserve position to the detriment of our reserve position. They have the right

to do this; but in my judgment as a condition precedent, they should meet their existing obligations to us.

But it should also be recognized that, if our friends—for example Great Britain or Italy—need gold to strengthen their reserve positions, they can turn to South Africa. South Africa has—according to the Wall Street Journal of March 25—announced that they will sell their gold under a two-price system. Private sales will be conducted at the market rate, while central banks may purchase gold from South Africa at \$35 an ounce. This will then enable Great Britain and other countries to obtain their gold at the U.S. price if they feel they cannot meet the conditions imposed by my amendment.

I ask unanimous consent to have printed at this point in the RECORD an article from the Wall Street Journal of March 25.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOUTH AFRICA'S GOLD: KEY PRODUCING COUNTRY PLANS TO SELL THE METAL AT BOTH THE PRICE LEVELS—MOVE LIKELY TO NARROW GAP BETWEEN "TIERS," BOLSTER NEW DUAL-PRICING SYSTEM—GOOD NEWS FOR THE DOLLAR

(By J. Russell Boner)

CAPETOWN.—South Africa will do its best to make the two-tier gold-pricing system workable.

That's the definite impression given by Nicholas Diederichs, the finance minister of the nation, which produces more than two-thirds of the free world's gold. Mr. Diederichs disclosed South Africa's new and still sketchy gold policy in an interview in his office here.

The policy has two key points: The nation will supply gold to the private market in London, at whatever the going price is, and it will sell to central banks at \$35 an ounce, which is the price that central banks have agreed to use in dealing amongst themselves.

The South African decision will tend to keep the two gold prices relatively close by keeping the private market well supplied. Economists say this could give a long life to the two-tier system, which was established eight days ago after speculators drove the price of gold up sharply in the hope that the U.S. would have to increase the price it paid for gold (and thus devalue the dollar) to more than \$35 an ounce. Rather than increase the price, though, the U.S.—and most nations other than France—simply agreed they would no longer buy or sell gold on the open market, letting supply and demand set the private market price while nations continued to deal with each other on the second tier at \$35 an ounce.

AVOIDING DEVALUATION

These economists say that as long as the two tiers remain close in price, the U.S. will face little pressure to devalue the dollar. But they say that if the price rises sharply, to, say, \$70 an ounce, investors and traders might consider the official price untenable, and this might force the U.S. to devalue the dollar.

South Africa produces so much gold—about \$1.1 billion of the \$1.5 billion annual market in the metal—that it could pretty much determine the immediate fate of world gold plans. So why doesn't it force the price up, getting as much as it can? "We would give much higher priority to a stable price of a permanent nature than a high price at the moment," says Mr. Diederichs, the country's key figure in gold-selling policies.

It may indeed partly be altruism, but there is more to South Africa's decision than that. If it decided to sell all its gold on the open market, the supply would be so great that

the private market price might plummet. This might cause speculators—who now hold billions of dollars worth of gold—to start unloading. This in turn would lower the price even further, perhaps to under \$35. And a price of less than \$35 an ounce is the last thing that South Africa wants.

THE OFFER TO BANKS

So, by selling part to the free market and part to central banks, it sustains a \$35 floor on gold, actually keeps the price somewhat above that by not flooding the market—and builds good will, all at the same time. It also is perfect for the South African economy, officials here say. A sharply higher price would only add to the inflation that now is troubling the nation, they say.

The offer to sell to central banks at \$35 an ounce could help them replenish their diminished gold stocks. The seven members of the informal "gold pool"—the nations that agreed to furnish gold from their stocks to satisfy demand for the metal on the London market until eight days ago—had said they had enough gold to last them. But they didn't rule out buying more, and it probably would please them no end if they continue to buy at \$35.

Presumably, South Africa stands willing to sell gold at \$35 an ounce to France, too, even though France refused to go along with the decision by most big nations not to buy or sell gold in the private market. This means that France could buy gold from South Africa for \$35 an ounce, and sell it in private markets for more. Some economists question whether France would do this, though, for that would only tend to increase the supply of gold in the private market and further weaken the price. France, they point out, wants the gold price in the private market to remain high in order to cast doubt on the dollar.

LONDON REMAINS KEY MARKET

But the new South African program does have one apparent blow to France. Mr. Diederichs says that South Africa probably will sell heavily on the private market at London. French officials had been hoping that Paris or Zurich could replace London as the key private market. This would have little monetary effect but would simply tend to diminish the prestige of London and the British financial system.

There are European gold markets in Frankfurt, Brussels and Amsterdam along with London, Paris and Zurich, but the key one has long been in London. It has been both a retail and a wholesale market—supplying the continental markets—and British officials have been anxious that it retain its importance under the new setup.

In the past, South Africa has marketed all of its gold through the Bank of England. It isn't known how the marketing will be done under the two-tier system, but it is known that officials of the Reserve Bank of South Africa and the Bank of England are holding negotiations. Other aspects of gold-buying under the new system—such as how much gold will the central banks seek or get—still aren't known, either.

Mr. Diederichs says that if South Africa takes in considerably more money as a result of any sharp rise in the gold price the nation may relax import controls and loosen restrictions on foreigners' taking money home from investments here. Both these moves would tend to offset any inflationary aspects of higher foreign exchange earnings—and both would be good news for U.S. exporters and investors.

Mr. DOMINICK. Fourth, this then brings us to the loophole or enforcement argument advanced by several of my colleagues on March 14. I think it would be helpful here to compare the loopholes in my amendment with the loopholes of our new gold policy announced by the cen-

tral banks through their communique of March 17.

The communique of March 17 is fraught with loopholes. France has already stated its opposition and no country is bound with the exception of those six who joined us in the communique.

The agreement will be very hard to police—who can be sure who is trading gold to whom and for what purpose?

Our Treasury is going to have a most difficult time playing gendarme for the entire international monetary system.

So what we are really talking about to a large extent is good faith—and as my senior colleague stated on March 14, we will have our little black notebooks out and ready to make notes in this regard.

But the point is the public has a right to demand that we do all we can to protect their interests—and that is what this amendment does.

So much for the arguments of March 14 which have now drifted into history.

Let me now touch on the arguments in favor of my amendment which are more relevant today than on March 14.

I ask unanimous consent to have printed in the RECORD at this point the communique issued Sunday, March 17, by the seven participating countries.

There being no objection, the communique was ordered to be printed in the RECORD, as follows:

COMMUNIQUE

The Governors of the Central Banks of Belgium, Germany, Italy, the Netherlands, Switzerland, the United Kingdom, and the United States met in Washington on March 16 and 17, 1968 to examine operations of the gold pool, to which they are active contributors. The Managing Director of the International Monetary Fund and the General Manager of the Bank for International Settlements also attended the meeting.

The Governors noted that it is the determined policy of the United States Government to defend the value of the dollar through appropriate fiscal and monetary measures and that substantial improvement of the U.S. balance of payments is a high priority objective.

They also noted that legislation approved by Congress makes the whole of the gold stock of the nation available for defending the value of the dollar.

They noted that the U.S. Government will continue to buy and sell gold at the existing price of \$35 an ounce in transactions with monetary authorities. The Governors support this policy, and believe it contributes to the maintenance of exchange stability.

The Governors noted the determination of the U.K. authorities to do all that is necessary to eliminate the deficit in the U.K. balance of payments as soon as possible and to move to a position of large and sustained surplus.

Finally, they noted that the Governments of most European countries intend to pursue monetary and fiscal policies that encourage domestic expansion consistent with economic stability, avoid as far as possible increases in interest rates or a tightening of money markets, and thus contribute to conditions that will help all countries move toward payments equilibrium.

The Governors agreed to cooperate fully to maintain the existing parities as well as orderly conditions in their exchange markets in accordance with their obligations under the Articles of Agreement of the International Monetary Fund. The Governors believe that henceforth officially-held gold should be used only to effect transfers among monetary authorities and, therefore, they decided no longer to supply gold to the London gold

market or any other gold market. Moreover, as the existing stock of monetary gold is sufficient in view of the prospective establishment of the facility for Special Drawing Rights, they no longer feel it necessary to buy gold from the market. Finally, they agreed that henceforth they will not sell gold to monetary authorities to replace gold sold in private markets.

The Governors agreed to cooperate even more closely than in the past to minimize flows of funds contributing to instability in the exchange markets, and to offset as necessary any such flows that may arise.

In view of the importance of the pound sterling in the international monetary system, the Governors have agreed to provide further facilities which will bring the total of credits immediately available to the U.K. authorities (including the IMF standby) to \$4 billion.

The Governors invite the cooperation of other central banks in the policies set forth above.

Mr. DOMINICK. Mr. President, despite the super sales public relations job, only two things of a concrete nature were accomplished by that meeting.

First. The gold pool was ended and the two-price system for gold was then issued.

Second. It was decided that any coun-

try selling gold privately could no longer exchange dollars for gold with the United States.

This will work as long as not too large a spread exists between our price of \$35 an ounce and the private market price. If a large spread develops, some countries will very likely sell—but let me assure you it will only be after they have accumulated as much of our gold as possible.

My amendment does not require the collection of any debts, but it simply says that any nation which is in arrears cannot get our gold until it is up to date on its overdue debts.

Now, this seems to me to be eminently fair. It makes no sense to me to invite the drain on our gold by countries who would rather exchange their dollar holdings for gold than to pay their overdue obligations to the United States.

It is said that we have an obligation to redeem dollars for gold, and I would certainly agree, but countries in debt to the United States have an equal obligation to pay those debts to us on time.

Does it make any sense to let countries use their dollars for buying gold

rather than to pay their past-due obligations to us? I think not.

Many of these countries have been aided by the United States through long-term interest loans—low-interest loans, I may add—dating back more than 20 years to World War II. Many of them have made installment payments over a long period of time, and where countries have legitimately needed assistance, we have renegotiated the loans and stretched out the payments.

The time has now come when we need assistance, and all I am asking is that they pay their overdue debts, rather than use our currency to drain our gold reserves.

What countries, in fact, are delinquent in their payments to us for World War II and post-World War II debts? Since the debate on March 14 the Treasury has furnished me with a more up-to-date chart which goes through June 30, 1967.

I ask unanimous consent to have that chart printed in the RECORD at this point.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

STATUS OF FOREIGN LOANS AND OTHER CREDITS FROM U.S. GOVERNMENT AGENCIES AS OF JUNE 30, 1967: PRINCIPAL AND INTEREST DUE AND UNPAID 90 DAYS OR MORE

(In dollars or dollar equivalents)

Country and credit program	Total due and unpaid 90 days or more			Principal ¹			Interest ¹		
	Total	Due in dollars	Due in foreign currencies	Total	Foreign government ²	Private	Total	Foreign government	Private
Argentina under Export-Import Bank Act	5,492,600	5,492,600		4,990,300		4,990,300	502,300		502,300
Bolivia under Foreign Assistance (and related) Acts: Country program loans	871,806	46,332	825,474	536,642		536,642	335,164		335,164
Chile under Agricultural Trade Development and Assistance Act: Long-term dollar sales	5	5		5	5				
China:									
Surplus property sales:									
Sales of overseas surplus	4,648,157	4,648,157		2,585,128	2,585,128		2,063,029	2,063,029	
Lend lease pipeline	50,214,159	50,214,159		30,206,981	30,206,981		20,007,178	2,007,178	
Colombia under Export-Import Bank Act	294,400	294,400		210,400		210,400	84,000		84,000
Costa Rica:									
Under Foreign Assistance (and related) Acts: Country program loans	398,685	398,685		296,883		296,883	101,802		101,802
Under Export-Import Bank Act	118,100	118,100		100,000		100,000	18,100		18,100
Cuba, under Export-Import Bank Act	30,088,500	30,088,500		15,617,100		15,617,100	14,472,300		14,472,300
Czechoslovakia, surplus property sales: Sales of overseas surplus	4,660,025	4,660,025		2,921,921	2,921,921		1,738,104	1,738,104	
Dominican Republic, under Agricultural Trade Development and Assistance Act: Long-term dollar sales	50,661	50,661		50,661	50,661				
El Salvador, under Agricultural Trade Development and Assistance Act: Long-term dollar sales	122	122					122		
Greece, surplus property sales: Merchant ship sales	41,971	41,971		30,591		30,591	11,380		11,380
Guatemala, under Foreign Assistance (and related) Acts: Financing of military sales	68,041	68,041		68,041	68,041				
Haiti:									
Under Foreign Assistance (and related) Acts: Country program loans	28,821		28,821	21,933		21,933	6,888		6,888
Surplus property sales: Sales of domestic surplus	136,884	136,884		103,039	103,039		33,845	33,845	
Hungary, surplus property sales: Sales of overseas surplus	3,030,153	3,030,153		3,030,153	3,030,153				
India:									
Under Foreign Assistance (and related) Acts: Country program loans	30,033	25,946	4,087				30,033	4,087	25,946
Under Agricultural Trade Development and Assistance Act: Currency loans to private enterprise	1,834,404		1,834,404	1,172,415		1,172,415	661,986		661,986
Under Export-Import Bank Act	44,900	44,900		25,600		25,600	19,300		19,300
Surplus property sales: Sales of overseas surplus	1,866,680		1,866,680	1,866,680	1,866,680				
Indonesia:									
Under Foreign Assistance (and related) Acts: Country program loans	6,313,121	5,297,249	1,015,872	4,992,898	4,571,747	421,151	1,320,223	1,198,075	122,148
Under Agricultural Trade Development and Assistance Act: Currency loans to foreign governments	720,824		720,824	191,818	191,818		529,006	529,006	
Under Export-Import Bank Act	22,941,000	22,941,000		17,172,800	17,172,800		5,768,200	5,768,200	
Surplus property sales: Sales of overseas surplus	5,500,886	5,500,886		4,167,338	4,167,338		1,333,548	1,333,548	
Iran:									
Under Agricultural Trade Development and Assistance Act: Currency loans to private enterprise	78,578		78,578	57,778		57,778	20,800		20,800
Surplus property sales: Sales of overseas surplus	32,261,913	32,261,913		23,388,181	23,388,181		8,873,733	8,873,733	
Lend lease pipeline	711,753	711,753		711,753	711,753				
Israel, under Agricultural Trade Development and Assistance Act: Currency loans to private enterprise	859,333		859,333	859,138		859,138	195		195
Korea, surplus property sales: Sales of overseas surplus	6,468,318	6,468,318					6,468,318	6,468,318	
Liberia:									
Under Foreign Assistance (and related) Acts: Country program loans	204,036	204,036		158,040		158,040	45,996		45,996
Under Agricultural Trade Development and Assistance Act: Long-term dollar sales	60,140	60,140		41,116	41,116		19,024	19,024	
Pakistan, under Agricultural Trade Development and Assistance Act: Currency loans to private enterprise	574,325		574,325	517,711		517,711	56,614		56,614
Paraguay:									
Under Foreign Assistance (and related) Acts:									
Country program loans	35,017		35,017	27,466	27,466		7,551	7,551	
Financing military sales	230,484	230,484		217,438	217,438		13,046	13,046	
Under Agricultural Trade Development and Assistance Act:									
Long-term dollar sales	405,374	405,374		374,491	374,491		30,882	30,882	
Currency loans to private enterprise	324,131		324,131	117,914		117,914	206,217		206,217

See footnotes at end of table.

STATUS OF FOREIGN LOANS AND OTHER CREDITS FROM U.S. GOVERNMENT AGENCIES AS OF JUNE 30, 1967: PRINCIPAL AND INTEREST DUE AND UNPAID 90 DAYS OR MORE—Con.

[In dollars or dollar equivalents]

Country and credit program	Total due and unpaid 90 days or more			Principal ¹			Interest ¹		
	Total	Due in dollars	Due in foreign currencies	Total	Foreign government ²	Private	Total	Foreign government	Private
Philippines:									
Under Foreign Assistance (and related) Acts: Country program loans	3,491,691	3,436,840	54,851	2,468,110	54,851	2,413,259	1,023,581		1,023,581
Under Agricultural Trade Development and Assistance Act:									
Currency loans to foreign governments	55,117		55,117	55,117	55,117				
Currency loans to private enterprise	209,330		209,330				209,330		209,330
Somalia, under Foreign Assistance (and related) Acts: Country program loans	32,369	32,369					32,369		32,369
Sudan, under Agricultural Trade Development and Assistance Act: Currency loans to private enterprise	531,827		531,827	452,508		452,508	79,317		79,317
Syria, under Foreign Assistance (and related) Acts: Country program loans	64,405	64,405		52,000		52,000	12,405		12,405
Tunisia, under Foreign Assistance (and related) Acts: Financing military sales	458,100	458,100		440,481	440,481		17,619	17,619	
Turkey:									
Under Foreign Assistance (and related) Acts: Country program loans	252,468		252,468	155,000		155,000	97,468		97,468
Under Agricultural Trade Development and Assistance Act: Currency loans to private enterprise	7,209,558		7,209,558	6,217,486		6,217,486	992,072		992,072
United Arab Republic:									
Under Foreign Assistance (and related) Acts: Country program loans	2,299,208	2,299,208		1,971,417	1,971,417		327,791	327,791	
Under Agricultural Trade Development and Assistance Act: Currency loans to foreign governments	248		248				248		248
Under Export-Import Bank Act	2,752,700	2,752,700		1,812,500	1,812,500		940,200	940,200	
Soviet Union, lend lease pipeline	65,886,244	65,886,244		65,886,244	65,886,244				
Uruguay, under Export-Import Bank Act	40,500	40,500		24,800		24,800	14,100		14,100
Vietnam, under foreign assistance (and related) acts: Country program loans	1,586,773		1,586,773	615,639	615,639		971,134	971,134	
Venezuela, under Export-Import Bank Act	164,100	164,100		150,000	150,000		14,100	14,100	

¹ Does not include amounts charged off as uncollectable as of the date of this report. Does not include amounts rescheduled or deferred according to agreements. In several instances agencies have stopped reporting accruals of interest when credits have gone into default.

² Includes amounts where payment is owed or guaranteed by a foreign government or any agency of a foreign government such as a central bank.

Note: Collections under the above programs are generally the responsibility of the following agencies:

Under foreign assistance (and related) acts:	
Country program loans	Agency for International Development.
Financing of military sales	Department of Defense.
Under Agricultural Trade Development and Assistance Act:	
Long-term dollar sales	Department of Agriculture.
Currency loans to foreign governments	Agency for International Development.
Currency loans to private enterprise	Do.
Under Export-Import Bank Act	Export-Import Bank.

Surplus property sales:

Sales of overseas surplus

Sales of domestic surplus

Treasury Department.

The only outstanding credit (Haiti) in this program was turned over by the General Services Administration to the General Accounting Office and the Department of State for collection.

Merchant ship sales

Lend lease pipeline

Department of Commerce.

Treasury Department.

Source: Treasury Department compilation of data submitted by the responsible agencies.

Mr. DOMINICK. So much for World War II and subsequent debts. What about World War I? There is a prevalent myth concerning these debts that they are somehow untouchable. Most debtors to the United States have acknowledge the validity of these debts, and, as far as I know, most of those countries, even today, are willing to admit these debts are due and owing. Some history is helpful in understanding the background of the World War I debts.

In this connection, I would like to start with the Hoover moratorium and insert into the RECORD a very brief memorandum prepared by the Economics Division of the Library of Congress, Legislative Reference Service:

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., March 6, 1968.

To: The Hon. PETER H. DOMINICK.

From: Economics Division.

Subject: "Hoover Moratorium" on servicing World War I indebtedness.

The Hoover Moratorium on servicing Allied World War I debts to the United States was the result of a chain of factors originating in the Great Depression of the 1930's. That period of economic crisis seriously affected all nations, whether they were creditors or debtors. Its impact was especially serious in Germany which had barely recovered from the runaway inflation and financial collapse of 1923 and was, in addition, burdened by the obligation of making reparation payments to the European Allies.

In these circumstances the reparation burden became almost impossible to bear,

and Germany, in early 1931, ceaselessly tried to impress upon the Allies that their insistence on the continued reparation payments would spell an end to Germany's economic viability and result in her total economic collapse. On the other hand, there did not appear to be much chance that the Allies would be willing to compromise on the issue of reparations unless the United States were willing to modify its claims in the sphere of Allied debts to the United States.

The United States, in its turn, was interested in maintaining the health of the German economy, especially because its collapse would endanger some \$5,250 million in American short- and long-term loans to Germany. Prompted by this situation and by a direct request made by the German President von Hindenburg, President Hoover, in June 1931, proposed that a one-year moratorium be declared on all inter-governmental obligations, reparations as well as inter-Allied debts.

The U.S. Congress authorized the moratorium with a Joint Resolution (Pub. Res. 5, 72d Congress, 1st session; 47 Stat. 3; copy enclosed), and moratorium agreements with most debtor nations were signed in May and June 1932. They provided for a suspension of all payments due to the United States during fiscal year 1932, and their repayment in ten equal annuities bearing a 4-percent rate, beginning in fiscal year 1934. The Resolution also underscored the interdependence of Allied debts to the United States and Allied claims on their debtors (sec. 3), and emphasized the absolute opposition of the Congress to any cancellation or reduction of the Allied indebtedness to the United States (sec. 5).

After the expiration of the one-year moratorium, most debtor nations did not resume making any payments, and of those that did, only Finland has been servicing its debt in

accordance with the consolidation and moratorium agreements.

VLADIMIR N. PREGELJ,
Analyst in International Trade
and Finance.

Mr. DOMINICK. Mr. President, I call the Senate's attention to the joint resolution of Congress which established the moratorium. That resolution spells out the payment provisions expected from those countries by Congress. I call especial attention to section 5 which reads as follows:

Sec. 5. It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Approved, December 23, 1931.

I ask unanimous consent that the entire resolution be printed in the RECORD at this point.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

[Chapter 5]

Joint resolution to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a ten-year period beginning July 1, 1933

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in the case of each of the following countries: Austria, Belgium, Czechoslovakia, Estonia, Finland,

France, Germany, Great Britain, Greece, Hungary, Italy, Latvia, Lithuania, Poland, Rumania, and Yugoslavia, the Secretary of the Treasury, with the approval of the President, is authorized to make, on behalf of the United States, an agreement with the government of such country to postpone the payment of any amount payable during the fiscal year beginning July 1, 1931, by such country to the United States in respect of its bonded indebtedness to the United States, except that in the case of Germany the agreement shall relate only to amounts payable by Germany to the United States during such fiscal year in respect of the costs of the Army of Occupation.

SEC. 2. Each such agreement on behalf of the United States shall provide for the payment of the postponed amounts, with interest at the rate of 4 per centum per annum beginning July 1, 1933, in ten equal annuities, the first to be paid during the fiscal year beginning July 1, 1933, and one during each of the nine fiscal years following, each annuity to be payable in one or more installments.

SEC. 3. No such agreement shall be made with the government of any country unless it appears to the satisfaction of the President that such government has made, or has given satisfactory assurances of willingness and readiness to make, with the government of each of the other countries indebted to such country in respect of war, relief, or reparation debts, an agreement in respect of such debt substantially similar to the agreement authorized by this joint resolution to be made with the government of such creditor country on behalf of the United States.

SEC. 4. Each agreement authorized by this joint resolution shall be made so that payments of annuities under such agreement shall, unless otherwise provided in the agreement (1) be in accordance with the provisions contained in the agreement made with the government of such country under which the payment to be postponed is payable, and (2) be subject to the same terms and conditions as payments under such original agreement.

SEC. 5. It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner cancelled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Approved, December 23, 1931.

Mr. DOMINICK. Mr. President, that is pretty clear. To make certain of it, I also have a memorandum sent to me by the Treasury, which explains the Treasury position on both World War I and World War II debts, as well as other collateral matters. This memorandum makes it equally clear that the United States has never recognized that there was any connection between World War I obligations and the debtor nations' reparation claims against Germany. In my judgment, this memorandum reaffirms the fact that there is no legal reason why the United States has failed to press its claim for payment of World War I debts; and I ask unanimous consent that the memorandum from the Treasury Department to which I have referred be printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

**GOLD LOSSES AND DEBT REPAYMENT
REPAYMENT OF WORLD WAR I AND II DEBT**

In its effort to halt the loss of gold the Administration has given special attention to the potential contribution of debt re-

payment. Virtually all of the loan agreements and settlements made with foreign countries since the beginning of World War II established fixed amortization schedules which call for regular payments over a period of years. We expect both principal and interest on post-World War II obligations to be paid in accordance with these schedules, and with relatively few exceptions these payments are being made. Receipts from such scheduled debt repayments amounted to more than \$800 million in 1966. Only in a few cases has it become impossible for debtor nations to meet scheduled payments, making it necessary to negotiate a rescheduling of the obligation. Some of the loan agreements provide for postponing payments under certain circumstances. Where disputes arise resulting in payment delays, efforts are made to reach agreement in order that payments may be resumed. There have been a few instances, notably in the case of the Republic of China and the USSR, where it has not yet been possible to reach agreement involving comprehensive settlement of World War II Lend-Lease and related accounts. (The USSR is making payments on Lend-Lease items which were in production or storage in the United States before V-J Day.)

The United States has encouraged the governments of nations which are in a strong financial position to make payments in advance of the scheduled due dates and since 1959 advance repayments of nearly \$3 billion have been collected. Several countries, among them Germany, Italy and Sweden have now prepaid all or nearly all of their World War II and postwar debt obligations to the United States.

The situation is different with respect to World War I debts. Most governments fulfilled their commitments under their World War I debt agreements until the depression. Debtor governments stopped making payments in 1932, following the expiration of the one-year moratorium on debts owed to the United States negotiated by President Hoover in an effort to mitigate the effect of these debt obligations on Europe's economic health. Although some countries made token payments until the beginning of World War II, Finland is the only country which is presently meeting its obligations in full.

While the countries which have large World War I obligations to the United States have never denied the juridical validity of their debts, there is a view widely accepted among them that the payment of these debts should be dependent on reparation payments by Germany. Resolution of the problem of governmental claims against Germany arising out of World War I was deferred "until a final general settlement of this matter" by the London Agreement of 1953, to which the United States is a party.

The Government of the United States has never recognized that there was any connection between the World War I obligations of those countries and their reparations claims on Germany. While the London Agreement would not prevent the United States from raising, on a bilateral basis, the question of payment of any of the debtor countries' World War I obligations (except in the case of Germany), it must be recognized that any effort on the part of the United States to collect these obligations would undoubtedly raise the problem of Germany World War I reparations. From the practical viewpoint, therefore, there does not seem to be any possibility of reaching an agreement on repayment in the absence of an over-all settlement of the World War I reparations problem, with its wide-ranging political ramifications.

FRENCH DEBT

The French hold to the generally prevailing view with regard to their debts to the United States. They not only have been servicing debts incurred after World War II regularly but have paid more than \$880 million in advance of the due date. As of June 30, 1967 France's obligations to the United

States (excluding World War I debts) were roughly \$300 million.

The World War I indebtedness of the Government of France due and unpaid as of June 30, 1967 was \$5,077 million, including \$2,091 million of the principal sum and \$2,986 million on interest arrearages. Unmatured principal was \$1,773 million. No payments have been made since 1931. The total obligation which might be said to have been outstanding on June 30, 1967, including both matured and unmatured principal and interest arrearages to that date was \$6,850 million.

The French Government has never contested the juridical validity of its obligation to the United States growing out of World War I. Within the framework of international law, it is clear that this obligation is not conditioned upon France's receipt of German reparation payments, and the highest officials of our Government have consistently denied any such relationship. The argument has been made, however, that there is a direct connection between the French World War I obligation to the United States and the receipt of German reparation payments. When the French Chamber of Deputies authorized the ratification of the 1926 agreement on funding the World War I debt to the United States, it also passed as a separate action, not affecting the validity of the unconditional ratification, a resolution stating that the French debt to the United States was to be paid "exclusively by the sums that Germany shall pay France." Furthermore, that body passed a resolution on December 14, 1932, deferring payment of the installment due to be paid to the United States the following day and inviting the convocation of a general conference with Great Britain and other debtors for the purpose of adjusting all international obligations and putting an end to all international transfers for which there was no compensating transaction.

U.S. GOLD POLICY

The established policy of the United States is to buy and sell gold to foreign governments and monetary authorities for legitimate monetary purposes at the fixed price of \$35 per ounce. This policy provides the foundation for the international position of the dollar and the maintenance of its value in world markets. The stability of the dollar and its convertibility into gold at the fixed price has also resulted in its widespread use as a world trading currency and as the principal currency held along with gold in reserves of other countries. Any restriction on the convertibility of the dollar for monetary purposes or change in its value in terms of gold would create serious difficulties in world financial and exchange markets and consequently undermine the stability of the entire world monetary system.

If the United States placed conditions on its willingness to sell gold to a foreign monetary authority, however merited the condition might seem in an individual instance, the result would be to make the dollar only a partially convertible currency. This would inevitably shake confidence in its continued convertibility for other purposes at a fixed price, and it would no longer be considered, by the bulk of the world, to be "as good as gold". Thus the decision to convert dollars into gold has to remain that of the monetary authority concerned, each of which should be fully aware of the responsibility it shares in maintaining an effective and stable international payments system within the framework of international monetary cooperation.

The accumulation of dollar balances by foreigners and thus their ability to buy gold is a consequence of our balance of payments deficits. The best way to stop gold losses by the United States is, therefore, to have both deficit and surplus countries get back into balance of payments equilibrium. This is the

course of action which the United States is pursuing, both in formulating its own policies and in the framework of international cooperation. President Johnson, in his New Year's Day Message to the Nation on the balance of payments, made the position clear. He said:

"The time has come for decisive action designed to bring our balance of payments to—or close to—equilibrium in the year ahead.

"The need for action is a national and international responsibility of the highest priority."

His message, a copy of which is attached, outlined a comprehensive program, beginning with enactment of the anti-inflation tax proposals now pending before Congress, for the achievement of this objective.

Mr. DOMINICK. Mr. President, it would be helpful, I believe, if a precise

list of the countries which owe us money on World War I debts be placed in the RECORD at this point, so that we can see just whom we are talking about. I ask unanimous consent that such a list be printed.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

PART I.—INDEBTEDNESS OF FOREIGN GOVERNMENTS

INDEBTEDNESS OF FOREIGN GOVERNMENTS TO THE UNITED STATES ARISING FROM WORLD WAR I AS OF JUNE 30, 1967

	Original indebtedness	Interest through June 30, 1967	Total	Cumulative payments		Total outstanding	Unmatured principal	Principal and interest due and unpaid
				Principal	Interest			
Armenia.....	\$11,959,917.49	\$28,587,070.35	\$40,546,987.84	\$17.49	-----	\$40,546,970.35	-----	\$40,546,970.35
Austria ¹	26,843,148.66	44,058.93	26,887,207.59	862,668.00	-----	26,024,539.59	\$882,626.31	25,141,913.28
Belgium.....	419,837,630.37	318,884,720.47	738,722,350.84	19,157,630.37	\$33,033,642.87	686,531,077.60	197,580,000.00	488,951,077.60
Cuba.....	10,000,000.00	2,286,751.58	12,286,751.58	10,000,000.00	2,286,751.58	-----	-----	-----
Czechoslovakia.....	185,071,023.07	111,060,093.17	296,131,116.24	19,829,914.17	304,178.09	275,997,023.98	86,355,000.00	189,642,023.98
Estonia.....	16,466,012.87	21,869,780.01	38,335,792.88	-----	1,248,432.07	37,087,360.81	9,007,000.00	28,080,360.81
Finland.....	8,999,999.97	11,476,565.96	20,476,565.93	\$4,292,999.97	\$11,476,565.96	4,707,000.00	4,707,000.00	-----
France.....	4,089,689,588.18	3,246,978,853.39	7,336,668,441.57	226,039,588.18	260,036,302.82	6,850,592,550.57	1,772,868,667.43	5,077,723,883.14
Great Britain.....	4,802,181,641.56	6,980,131,958.11	11,782,313,599.67	434,181,641.56	1,590,672,656.18	9,757,459,301.93	2,433,000,000.00	7,324,459,301.93
Greece.....	\$34,319,843.67	3,230,509.84	37,550,353.51	983,922.67	3,143,133.34	33,423,297.50	21,205,921.00	12,217,376.50
Hungary ⁴	1,982,555.50	2,775,445.76	4,758,001.26	73,995.50	482,924.26	4,201,081.50	1,095,545.00	3,105,536.50
Italy.....	2,042,364,319.28	339,839,470.22	2,382,203,789.50	37,464,319.28	63,365,560.88	2,281,373,909.34	1,168,900,000.00	1,112,473,909.34
Latvia.....	6,888,664.20	9,250,660.91	16,139,325.11	9,200.00	752,349.07	15,377,776.04	3,801,800.00	11,575,976.04
Liberia.....	26,000.00	10,471.56	36,471.56	26,000.00	10,471.56	-----	-----	-----
Lithuania.....	6,432,465.00	8,612,114.16	51,044,579.16	234,783.00	1,003,173.58	13,806,622.58	3,487,367.00	10,319,255.58
Nicaragua ⁵	141,950.36	26,625.48	168,575.84	141,950.36	26,625.48	-----	-----	-----
Poland.....	207,344,297.37	279,443,464.38	486,787,761.75	\$1,287,297.37	21,359,000.18	464,141,464.20	115,807,000.00	348,334,464.20
Rumania.....	68,359,192.45	51,261,664.70	119,620,857.15	\$4,498,632.02	292,375.20	114,829,849.93	31,923,000.00	82,906,849.93
Russia.....	192,601,297.37	476,089,679.51	668,690,976.88	-----	\$8,750,311.88	659,940,665.00	-----	659,940,665.00
Yugoslavia.....	63,577,712.55	25,825,277.92	89,402,990.47	1,952,712.55	636,059.14	86,814,218.78	35,389,000.00	51,425,218.78
Total.....	12,195,087,259.92	11,917,685,236.41	24,112,772,496.33	761,037,272.49	1,998,880,514.14	21,352,854,709.70	5,886,009,926.74	15,466,844,782.96

¹ The Federal Republic of Germany has recognized liability for securities falling due between Mar. 12, 1938, and May 8, 1945.

² \$6,360,250.26 has been made available for educational exchange programs with Finland pursuant to 20 U.S.C. 222-224.

³ Includes \$13,155,921 refunded by the agreement of May 28, 1964. The agreement was ratified by Congress Nov. 5, 1966.

⁴ Interest payments from Dec. 15, 1932, to June 15, 1937, were paid in pengo equivalent.

⁵ The indebtedness of Nicaragua was canceled pursuant to the agreement of Apr. 14, 1938.

⁶ Excludes claim allowance of \$1,813,428.69 dated Dec. 15, 1929.

⁷ Excludes payment of \$100,000 on June 14, 1940, as a token of good faith.

⁸ Principally proceeds from liquidation of Russian assets in the United States.

Mr. DOMINICK. Mr. President, among others, starting at the beginning, this list includes Austria, Armenia, Czechoslovakia, France, a large number of nations, some of which now have different boundaries but still recognize their obligations, but have thus far refused to pay us anything.

The total amount due us and unpaid is over \$15.4 billion.

I think it is finally time to realize that we have a little crisis of our own going in the United States. I think it is time we end our role as the world's pool for bad debts. The gold pools are in London, Paris, and Zurich—the bad debt pool seems to be in Washington and we are supporting this pool singlehandedly.

Admittedly, there are countries who are draining our gold who owe us nothing. My amendment will not affect that problem. But, by adopting this amendment we will have fulfilled an obligation to the taxpayers who just cannot understand why we let our gold be drained by countries who do not choose to first pay their overdue obligations to the United States.

At the rate our gold is being drained away we will soon be out of gold and will then be unable to exchange any dollars for gold with or without restrictions. What does the Treasury plan to pay for dollars when our gold reserves are entirely exhausted? I have been asking this question repeatedly over the past several days and have yet to receive a satisfactory answer. I will ask it again: What are we going to exchange for dollars when our gold reserves are ex-

hausted? We will either be forced to end the foreign convertibility of dollars for gold or we will have to obtain a new source of supply of gold at substantially increased prices. We have heard time and time again during this debate the argument that, if we will only release our gold cover, the run on our gold reserves will soon end.

On March 14 I placed several newspaper articles in the RECORD which indicated quite the opposite. While it is too early to tell, I think it is clear that the run on the gold may well develop again in the near future, and this view is widely held in financial circles. For example, in last Sunday's Washington Post Hobart Rowen in his column stated the following:

The mad rush for gold could start all over again, despite the courageous steps taken by seven leading nations in Washington last weekend to defeat the speculators. There is still a big testing period ahead for the dollar. Confidence in our currency has been waning because of continued deficits in the U.S. balance of payments.

Mr. President, I shall not try to detain the Senate any longer, but I would like to summarize the matter.

My amendment if agreed to would not prevent any nation from getting gold for dollars if it is current in its obligations to us. Countries which are overdue in their obligations to our country can still turn in their short-term dollar holdings, except that they will not get gold for them, but will receive a credit on their debt to us. And further, the Secretary of the Treasury would have to make a

demand on these countries for their post-debt debts.

It seems to me that this is eminently fair and sensible. It will help our balance of payments, reduce our gold outflow, and start correcting the general overseas impression that Uncle Sam is at all times a complete sucker.

I reserve the remainder of my time, except for answering questions.

Mr. LONG of Louisiana. Mr. President, I yield 5 minutes to the Senator from Wisconsin [Mr. PROXMIRE].

Mr. PROXMIRE. Mr. President, when this issue came up during the consideration of the gold cover bill, the distinguished Senator from Alabama [Mr. SPARKMAN], who is chairman of the Banking and Currency Committee, led the opposition to it. Senator SPARKMAN cannot be here. He has asked me to oppose the amendment.

Mr. President, it is vitally important that the Senate vote down this amendment which would link our long-established policy of free convertibility between gold and the dollar to our displeasure over the attitude of a great many countries toward their World War I debts.

This amendment was appropriate and proper on the gold cover bill. It certainly is not to this bill.

It has long been U.S. policy to convert dollars into gold at \$35 per ounce for foreign monetary authorities. That pledge is a cornerstone of the international monetary system. It does not relate to our like or dislike of another

country's policies. It has no connection with another country's debt to us.

If we placed such a limitation on our gold sales even to one country such as France—and there are many countries in this position—the results for the international monetary system might well be very grave.

In fact, it is my understanding that every major country in Europe, with the exception of Germany, Switzerland, and Finland, would be in the position of not being able to redeem their dollars with gold.

Other countries would feel that they might also be limited in their ability to convert dollars into gold at some future time because of some bilateral political problem we have with them.

The result of such uncertainty would very likely be more gold conversions from these countries. The total of potential gold conversions would, under these circumstances, be far greater than potential French conversions. Countries other than France hold far more dollars than the French. It is also noteworthy that France has not converted any dollars into gold since September 1966.

It is especially important that we do not pass this amendment tonight or tomorrow. Why? Because tomorrow we begin a very important monetary conference in Stockholm, trying to activate the very special drawing rights. If that conference is to succeed, we need to have the good will of other countries with regard to our position on the dollar, and with regard particularly to redeeming dollars for gold.

The United States will be negotiating in Stockholm on a vital element in the future growth and stability of the international monetary system—the plan for the creation of the new special drawing rights. The special drawing rights are a new form of international reserve asset designed to supplement gold and dollars. They should serve to help take the pressure off both in the future by helping to meet the world's reserve needs in a rational and stable way. These will be very difficult and extremely important negotiations, culminating 4 years of intensive studies and efforts.

If the Senate were to pass this amendment tonight—24 hours or less before that conference begins—it would cast doubt on the international convertibility of the dollar, it would seriously endanger our negotiating position at Stockholm; and indeed, would feed right into the hands of the French—who would say, "See, we told you so, you can't trust those Americans."

Passage of this amendment would also place in jeopardy the agreement of a two-tier gold system reached by the central bank governors 2 weeks ago in Washington, just after we acted on the gold cover bill.

Central banks would no longer be sure of the convertibility of their dollars into gold at the U.S. Treasury, and they would have strong incentives to buy gold from the private market, thereby playing right into the hands of the speculators by pushing the gold price up. The result could well be a return to the kinds of widespread speculative activity on the gold and exchange markets which the

Washington meeting stanching 2 weeks ago. Moreover, the mere psychological impact of the passage of this amendment could well stir up the speculators, because they would quickly understand the logical effects on central bank decisions of this move. We must vote down this amendment.

In my view, this amendment would mean that we would just go off the gold exchange standard—if it worked. I suppose there is one compensation—that is, that the amendment probably will not work, because even if a country still owes us something, it can secure gold very simply by taking its dollars to a third country—Switzerland or some other country—and redeeming the dollars there, then Switzerland could redeem the dollars here. If we were to say Switzerland could not redeem these dollars in gold because they came from another central bank, then we indeed are off the gold exchange standard even for those countries that owe us nothing.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PROXMIER. May I have 1 more minute?

Mr. LONG of Louisiana. I yield 1 minute to the Senator from Wisconsin.

Mr. PROXMIER. Finally, Mr. President, I should like to reemphasize what I said before: Every major country in Europe and many countries in South America are in this position. It is not simply France or De Gaulle whose policies annoy us. It is simply a question of the United States abandoning its position of being the financial leader of the free world.

So I hope the Senate will reject the amendment.

Mr. LONG of Louisiana. Mr. President, I yield 3 minutes to the distinguished Senator of Missouri.

Mr. SYMINGTON. Mr. President, when the able and distinguished Senator from Colorado brought his amendment up before on the gold cover bill, I asked him if he would except the British because of the relationship they had incident to the Bretton Woods Agreement. He said he would; therefore, I voted for his amendment.

In this case there has been discussion of the question of France. As the able Senator knows, in the depression of the early 1930's, President Hoover canceled out the German reparations obligations. The French immediately took the position that inasmuch as that was where they were going to get the money to pay us back, automatically their debt was canceled to us.

I have heard good international lawyers say that they felt their position on that question was good, because it was we who had undertaken the action to cancel the debt that was expected to be paid by the Germans to them after World War I.

So far as World War II is concerned, it is interesting to note that France is one of the few countries which not only has paid up with respect to its obligations to us in World War II, but is \$800 million ahead of its payments. Therefore, this amendment would not reach France.

The final reason why I cannot vote

for the amendment at this time is the same reason I would not have voted for it before if the British were not excepted, because as a result of the Bretton Woods Agreement, the pound was made synonymous with gold and the dollar, and we all know the British are in very deep trouble.

I would hope there would be some other way in which the wise desire of the Senator from Colorado could be accomplished without going to the rather stringent methods characteristic of this amendment.

Mr. DOMINICK. Mr. President, I want to answer some of the statements made, because they do have some impact, looked at in the abstract.

First, I have great respect for both the Senator from Missouri and the Senator from Wisconsin; nevertheless I say this: Special drawing rights do not have a thing to do with what I am trying to accomplish. As a matter of fact, I know this is true, because I had a conversation with the head of the Federal Reserve Board, who is going to lead the conference. I asked him whether he had any objections to this amendment, and he said, "No, we have enough troubles now; this could not possibly create any more problems than we already have."

Mr. PROXMIER. Mr. President, will the Senator yield at that point?

Mr. DOMINICK. I yield.

Mr. PROXMIER. The people with whom I have been conferring are in the Treasury Department, and they have been very much involved in the negotiations concerning the SDR's and will be in Stockholm. They will be present at the Stockholm conference, and they fear that the adoption of this amendment would seriously weaken their bargaining power. They fear it would indicate that we are not sincere in standing behind the monetary system and in trying to develop it, with special drawing rights supplementing gold and the dollar.

Mr. DOMINICK. The second point I wish to make is that I do not care what anybody else says; I am tired of having our country constantly hold the bag for every other country in the world. I see no reason why other countries which owe us money should not make their payments to us on time, before we lose all of our gold.

We have spent billions of dollars bailing them out of one problem after another, one country after another, with one economic development problem after another. But when we ask that they pay their just debts, at a time when we are in trouble, they say, "No, we want your gold, we do not want your dollar."

That, to me, is wrong; and I would say, Mr. President, that before we take that action, before we impose another tax on our people, and before we say we are not going to build any more schools or anything else of that nature, it is time that the Senate stand up and say to other countries that owe us money, "Pay us your money before you come over and take our gold."

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. DOMINICK. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, the able Senator knows of my great respect for his knowledge in this field. I do wish to add one point, however.

It seems to me that this amendment is offered at a particularly inopportune time, because in Stockholm, over this weekend, negotiations are actually going on, and whether or not we reach an agreement as to the special drawing rights, primarily because of the Vietnam war the future of the dollar is very difficult indeed.

If, at the same time that the Secretary of the Treasury and the Chairman of the Federal Reserve Board are trying to work out an arrangement at Stockholm over this weekend, we adopt an amendment of this character, it could be the straw that broke the camel's back of an agreement. If we do not reach an agreement on the SDR's, then the problem of the dollar will be very much increased.

I would hope that we would cooperate as much as possible with the very able public servant the Senator mentioned, the Chairman of the Federal Reserve Board, who at this very time is negotiating on the SDR's.

For that reason, I cannot agree on the amendment itself.

Mr. DOMINICK. Mr. President, I cannot see how this amendment has a thing to do with the SDR's. I can understand the Senator is talking about the psychological impact. All we are doing is to say to the nations that we have helped from time immemorial, from World War I on, with billions of our dollars, "We are in a kind of a crisis now, our friends; all we are asking is not to pay the total amount; we are not saying that, because you are overdue on one payment, the total amount immediately becomes due. All we say is, pay what you are behind on. Once you pay what you are behind on, you can turn your dollar holdings in for gold, if you want to. If you do not want to do that, there is no reason we should give you our gold."

It seems to me that that is both elementary and fair.

Let me cite an example: The great country of Chile. Do Senators know how much Chile is behind, in arrearages, as of June 30, 1967? Five dollars. Is there any reason why Chile should not pay us \$5, and become up to date, so they can go ahead and turn their dollars in for our gold? Not a bit. It does not hurt my conscience to require that.

Let me state another example. The country of Bolivia is behind \$46,000. If Bolivia, with all the aid we have been giving them, cannot come up with \$46,000 in order to be able to get gold out of us, it is certainly in worse shape than this country, and I did not think any country could be in worse shape than we are in, economically, at the moment.

I could go on with many other examples.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. DOMINICK. Mr. President, I think the Senator had better get some time from the other side, as we are working under a time limitation.

Mr. LONG of Louisiana. Mr. President, I yield 5 minutes to the Senator from Missouri.

Mr. DOMINICK. I have the floor at the moment, and would appreciate the opportunity to continue. I want to point out some other things.

This is not a question of convertibility, as the distinguished Senator from Wisconsin has said. We no longer have that problem. We no longer have any obligation to put gold into the London Gold Pool. We have removed that obligation. We no longer have to supply gold to the pool for private sales. But we do have to give it to central banks, and those central banks can do whatever they want with it. However, we have placed a condition on the convertibility. If they sell it privately, we have announced we will no longer exchange dollars for gold with that central bank.

To say that they can turn in their dollar holdings to us and get gold from us, although they cannot pay their debts, at a time when we are in trouble such as we are in Vietnam, and such as we may be in the Middle East, and in other places, and when we are having economic problems at home, and asking our own people to pay additional taxes, seems to me to be wrong.

Mr. President, I reserve the remainder of my time.

Mr. SYMINGTON. Mr. President, the Senator from Colorado mentioned psychology. It takes 15 percent of those who are involved in the special drawing rights to negate any decision that is made in Stockholm. The Common Market countries control 17 percent of the votes, and General de Gaulle, who in my opinion, at least economically, is the greatest problem that this country faces today, has proved his control over the countries of the Common Market by his ability to keep the British from joining the Common Market for many years.

The Senator from Colorado is exactly right. The psychology of adopting this amendment tonight would make it much more possible for General de Gaulle, who opposes the whole SDR principle, to utilize the entire vote of the Common Market to negate any decision made.

I am one who believes that the special drawing right decisions made in Buenos Aires, which are being debated at this time in Stockholm, are important for the future integrity of the dollar.

Mr. MUNDT. Mr. President, will the Senator yield 1 minute?

Mr. DOMINICK. I yield 1 minute to the distinguished Senator from South Dakota.

Mr. MUNDT. Mr. President, I requested this time, not so much to tell the Senator from Colorado that I shall support his amendment—as I shall—but to call the attention of all Senators to a headline in tonight's Evening Star. I wish it had come out a little earlier, so that I could have used it in the course of the debate on the proposed special war tax for those who are exporting goods to Communist countries.

The headline reads: "Russia Stepping Up Hanoi Aid." It is a UPI release, dated London, and begins as follows:

Russia said officially today that Soviet ships will carry 20 percent more cargo to Communist North Vietnam this year.

I ask unanimous consent that the entire article be printed in the RECORD on

this fateful day when we have cast this highly significant vote.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RUSSIA STEPPING UP HANOI AID

LONDON.—Russia said officially today that Soviet ships will carry 20 percent more cargo to Communist North Vietnam this year.

The supplies will be shipped to Haiphong in obvious defiance of American bombing of the port.

"The sea routes between the two countries (Russia and North Vietnam) are functioning faultlessly," a statement said. It did not mention the closing of the Suez Canal since June, which adds thousands of miles to the sea trip from Western Russia.

The statement was contained in Soviet Weekly, the Soviet Embassy's official publication, released here today. It was attributed to an official of the Soviet Ministry of Merchant Marine, Anatoly Goldobenko.

Mr. DOMINICK. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 3 minutes.

Mr. DOMINICK. Mr. President, I want to give a couple of figures as examples of what the situation really is.

Czechoslovakia owes us \$4.6 billion. Is there any reason why we should give gold to Czechoslovakia, a Communist-controlled country?

Greece owes us \$41,971. Is there any reason why Greece should not give us that amount of money in return for all that we have done for them if they want to get gold for our dollars? That is most certainly not a very large figure in the Greek budget.

India owes us a great deal of money. We have over \$850 million tied up in rupees in India. The total amount they owe us on their obligation in terms of dollars is approximately \$72,000. Is there any reason why they should not pay us \$72,000 before they get more of our gold and redistribute it on the open market and make more money out of us?

I am no enemy to India. I hope that it is a country and a democracy that will continue to exist and that it has a bright future. However, that does not mean that we have to sit here like Uncle Sam, the sucker, and let everybody around the world take our dollars and give them back to us in return for gold.

Mr. LONG of Louisiana. Mr. President, I yield 1 minute to the distinguished Senator from Oregon.

Mr. MORSE. Mr. President, I say to the Senator from South Dakota, who just quoted from a newspaper article, that all I draw from his statement is that he concludes that because Russia is increasing her aid to Hanoi we ought to step up our aid to Saigon and come nearer and nearer to an all-out war in Asia. What a fallacy.

We should recognize that we had better deescalate now and work out a settlement through the United Nations or the Geneva Conference without further escalation.

I find nothing persuasive about his argument, except an argument for enlarging the war on our part. Of course, Russia is going to give more help to Hanoi. Russia is not losing Russian boys

in Vietnam, but already about 22,000 precious American lives have been lost. How many more are we going to sacrifice before we come to our senses and recognize that we should not be killing American boys in an undeclared war in Asia. When are we going to recognize that our intervention with American troops in Asia will only lead to more and more escalation, until we finally end up in a war with China, to the delight of Russia. Now is the time to stop the escalation by stopping the bombing and adopting the recommendation of General Ridgway, General Gavin, General Shoup, and many other experts who are urging that we stop escalating this war.

Mr. LONG of Louisiana. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG of Louisiana. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 18 minutes remaining.

Mr. LONG of Louisiana. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. LONG of Louisiana. Mr. President, I shall vote for the amendment offered by the Senator from Colorado. The Senator offered substantially the same amendment on the gold cover bill, and that amendment failed by only one single vote. A number of Senators at the time were urged to vote against any amendments because it was thought that the gold cover bill had to be passed and signed by the President that night, so that it would become law the following morning. The circumstances were such that some Senators might have voted contrary under other circumstances.

There is now the same urgency, but not to the same extent because the tax can be retroactive for a short period in the event we fail to pass it exactly by the deadline.

There are two things contained in the amendment of which I approve.

I approve very much of the first part of the amendment. The first part says that we will ask these people to pay us. I would be curious to know what will happen when we ask them. I know that we are not going to get any money if we do not ask them.

I am very much in favor of asking these people to pay us the \$17 billion. Some may laugh at us for this. However, I think the State Department personnel should take off their Santa Claus costumes and put on pairs of overalls and go to work for Uncle Sam, and let us see if we can get something of the \$17 billion they owe us.

I would like to know, if not, why not? Up to now, it seems that the State Department and the Treasury Department have not been willing to take us seriously on the matter of collecting the \$17 billion.

I think that if we vote for the amendment and go to conference, we can talk this time and really mean it. We want

to know why those countries will not pay and why the Treasury Department will not ask for the money. That is part 1 of the amendment.

If we ask them and they do not pay it, then we can tell them that if they bring their dollars here, we will sell them cotton or wheat or something like that, but that we will not pay them in gold until they have paid us what they owe us. We will just credit the amount of their payment against their debt.

It has been suggested that they might transfer the dollars to Switzerland or some other country which does not owe us money and operate through that country. We could handle that. If they use those countries as conduits, it would be easy enough to say, "We will take your dollars in exchange for gold, but not any dollars from France or any of the other countries that are back on their debts because we want them to pay us."

We will have to change our way of doing business anyway in view of the fact that we do not have enough gold to redeem the \$34 billion outstanding in Europe and Asia.

Why should we not ask them? We never know whether we will get any of the \$17 billion unless we ask. We should ask them and see if they are willing to pay. If they are not willing to pay, then let us explore the idea of crediting any payment they make before we give them gold for the dollars.

I believe that if the Senate votes for the amendment, the administration will have to take us seriously about this matter. Let the Secretary of State, the Chairman of the Federal Reserve Board, and the others understand that Congress really is serious about collecting some of that \$17 billion those people owe us. We might get some money as a result.

I know that we will not get 5 cents unless somebody finally marches up here and says, "Let us ask them for the money."

We ought to at least do that much. Then we can hear their arguments.

I would be curious to know when and where we forgave that \$17 billion. So far as I know, I have seen no convincing evidence anywhere that we forgave the \$17 billion.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 additional minute.

Mr. LONG of Louisiana. Mr. President, so far as I know, they owe us that money, and I think that the American people would feel unkindly toward us if we were to forgive the debt without having made at least some effort to collect some part of it.

I would be willing to urge that the House accept the amendment. We have plenty of other amendments to talk about here. I do not believe that any Senator can argue that I am guilty of making the pending measure a Christmas tree bill or an Easter basket bill.

I have generally opposed amendments but nevertheless we have had all sorts of amendments. One more amendment will

not do any harm. And who knows, it might do good.

Mr. DOMINICK. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, will the Senator from Louisiana yield me 1 minute?

Mr. LONG of Louisiana. Mr. President, I yield 1 minute to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 1 minute.

Mr. PROXMIRE. Mr. President, this is a very far-reaching amendment. If we vote for the amendment and the House accepts the amendment, we are virtually off the gold exchange standard. It will mean that the U.S. promise to redeem dollars in gold is invalid. We will welsh on our promise. We are deliberately undermining the dollar.

Some economists say that we ought to be off the gold standard.

But this is a very complicated and far-reaching step for us to take at 8 o'clock at night after long and weary debate without having any advice from any congressional committee, without any hearings, without any committee report, without any record, guided only by a desire to spite De Gaulle. Oh yes, it's popular. We have letters, hundreds of them, asking us to do this. But we know it is wrong. It will undermine the dollar. It will weaken U.S. negotiators at Stockholm.

It may be that we ought to be off the gold exchange standard. However, I plead with the Senate tonight not to take this late action now at this late date and on this basis.

Mr. GORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. Mr. President, I yield 2 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 minutes.

Mr. GORE. Mr. President, our country went off the gold standard a long time ago. I am one who believes that it is unnecessary, and I am one who also believes that it will be wise when appropriate action can be taken to demonitize the gold internationally. But how can we do it until some international fund or medium of exchange is established. To do it unilaterally as one agent tonight would create, it seems to me, economic chaos throughout the free world.

Mr. PROXMIRE. Particularly on the eve of the very vital Stockholm conference.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment of the Senator from Colorado. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROUTY (when his name was called). On this vote I have a pair with the Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "yea." If I were permitted to vote, I

would vote "nay." I therefore withhold my vote.

The legislative clerk resumed and concluded the call of the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. LONG], the Senator from Texas [Mr. YARBOROUGH], the Senator from Ohio [Mr. YOUNG], are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Indiana [Mr. BAYH], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from Montana [Mr. MANSFIELD], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. McGEE], the Senator from New Hampshire [Mr. MCINTYRE], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], the Senator from Alabama [Mr. SPARKMAN], the Senator from Virginia [Mr. SPONG], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

I further announce that, if present and voting, the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from Rhode Island [Mr. PELL], the Senator from Alabama [Mr. SPARKMAN], the Senator from Maryland [Mr. TYDINGS], the Senator from Texas [Mr. YARBOROUGH], and the Senator from Ohio [Mr. YOUNG] would each vote "nay."

On this vote, the Senator from Indiana [Mr. BAYH] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Massachusetts [Mr. BROOKE], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arizona [Mr. FANNIN], and the Senator from Illinois [Mr. PERCY] are necessarily absent.

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Kentucky [Mr. MORTON] are detained on official business.

If present and voting the Senator from Massachusetts [Mr. BROOKE], the Senator from Kansas [Mr. CARLSON], and the Senator from Illinois [Mr. PERCY] would each vote "nay."

The pair of the Senator from Illinois [Mr. DIRKSEN] has been previously announced.

On this vote, the Senator from Arizona [Mr. FANNIN] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Utah would vote "nay."

The result was announced—yeas 48, nays 25, as follows:

[No. 90 Leg.]
YEAS—48

Allott	Baker	Boggs
Anderson	Bible	Brewster

CXIV—517—Part 7

Burdick
Byrd, Va.
Byrd, W. Va.
Cannon
Church
Cotton
Curtis
Dodd
Dominick
Eastland
Ellender
Ervin
Fong
Gruening

Hansen
Hartke
Hatfield
Hill
Hollings
Hruska
Jordan, N.C.
Jordan, Idaho
Kuchel
Lausche
Long, La.
Magnuson
McGovern
Miller

Montoya
Mundt
Murphy
Randolph
Ribicoff
Russell
Scott
Smith
Stennis
Talmadge
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—25

Aiken
Case
Clark
Cooper
Gore
Griffin
Harris
Hart
Hayden

Holland
Inouye
Jackson
Javits
Metcalf
Mondale
Monroney
Morse
Moss

Muskie
Nelson
Pearson
Proxmire
Smathers
Symington
Williams, N.J.

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Prouty, against.

NOT VOTING—26

Bartlett
Bayh
Bennett
Brooke
Carlson
Dirksen
Fannin
Fulbright
Hickenlooper

Kennedy, Mass. Pastore
Kennedy, N.Y. Pell
Long, Mo. Percy
Mansfield
McCarthy
McClellan
McGee
McIntyre
Morton

Percy
Sparkman
Spong
Tydings
Yarborough
Young, Ohio

So Mr. DOMINICK's amendment was agreed to.

Mr. DOMINICK. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CURTIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMINICK. Mr. President, I move that the amendment be considered as an amendment to the bill as well as to the substitute Williams amendment.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. DOMINICK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Without objection, it is so ordered.

Mr. DOMINICK. Mr. President, the amendment is the same amendment. I want to have the amendment attached to the bill as well as to the substitute. I move that the amendment be made a part of the bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Colorado. [Putting the question.]

The motion was agreed to.

Mr. DOMINICK. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. WILLIAMS of Delaware. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 681

Mr. LONG of Louisiana. Mr. President, I am considering offering an amendment tomorrow. I send the amendment to the

desk. I ask that the amendment and an explanation of how the amendment would operate be printed at this point in the RECORD.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table; and without objection, the explanation will be printed in the RECORD.

The explanation, ordered to be printed in the RECORD, is as follows:

EXPLANATION OF AMENDMENT BY SENATOR RUSSELL B. LONG TO THE WILLIAMS SUBSTITUTE

The purpose of this amendment is to delete the 10 percent surtax provisions from the substitute, and in their place insert provisions to directly increase individual and corporate income tax rates and the capital gains rate.

INDIVIDUAL INCOME TAX

Specifically, the Long amendment would restore individual income tax rates to the level which applied in 1964 after the first stage of the 1964 tax cuts became effective. This individual income tax increase would be roughly equivalent to one-third of the total rate reductions enacted in 1964. This higher tax would apply for the same period as the surtax under the substitute—that is, from April 1, 1968 through June 30, 1969.

CORPORATE INCOME TAX

For corporations, this amendment would add 4 percentage points to the regular corporate surtax, increasing it from 26 percent to 30 percent. This would make the combined corporate normal tax and surtax equal 52 percent—the same maximum rate corporations paid before the 1964 tax reductions. This tax rate increase, too, would apply in the case of corporations for the same period as the surtax under the substitute—that is, from January 1, 1968 through June 30, 1969.

CAPITAL GAINS TAX

The alternative capital gains tax of 25 percent would be increased under this amendment to 27.5 percent, thus conforming to the effect which would occur under the 10 percent surtax proposal. This tax would apply for the same period as the higher rates—in the case of individuals from April 1, 1968 through June 30, 1969; and in the case of corporations, from January 1, 1968 through June 30, 1969.

REVENUE ESTIMATES

This amendment is estimated to increase Federal revenues by \$8.3 billion in a full year of operation (as contrasted to \$9.8 billions under the surtax). Of this the individual income and capital gains tax hikes account for \$5.4 billion and the corporate tax increases amount to \$2.9 billion. (Under the surtax individuals would have paid \$6.9 billion and corporations would have paid \$2.9 billion.)

REASON FOR THE AMENDMENT

If there is to be a tax increase it would be far simpler for the average taxpayer if it were done by an increase in the rates. A surtax is a tax on a tax. It is complicated. It involves additional and unnecessary computations on the tax return. It requires the tax payer to compute a tax, compute a surtax, add the two together and determine the total tax. Resorting to a simple rate, on the other hand, permits tax to be calculated in the same manner as is done today.

The 1964 tax rates are still in the law—no new rate tables are necessary in the statute. Applying them at this time (as this amendment does) is similar to a recapture of one-third of the total individual 1964 tax rate reductions. The surtax on the other hand would recapture about one-half of that reduction.

COMPARISON OF INDIVIDUAL INCOME TAX RATES UNDER PRESENT LAW (1967) AND UNDER THE LONG AMENDMENT

Taxable income bracket		Tax rate (percent)	
Single person	Married (joint)	Present law	Long amendment
0 to \$500.....	0 to \$1,000.....	14	16.0
\$500 to \$1,000.....	\$1,000 to \$2,000.....	15	16.5
\$1,000 to \$1,500.....	\$2,000 to \$3,000.....	16	17.5
\$1,500 to \$2,000.....	\$3,000 to \$4,000.....	17	18.0
\$2,000 to \$4,000.....	\$4,000 to \$8,000.....	19	20.0
\$4,000 to \$6,000.....	\$8,000 to \$12,000.....	22	23.5
\$6,000 to \$8,000.....	\$12,000 to \$16,000.....	25	27.0
\$8,000 to \$10,000.....	\$16,000 to \$20,000.....	28	30.5
\$10,000 to \$12,000.....	\$20,000 to \$24,000.....	32	34.0
\$12,000 to \$14,000.....	\$24,000 to \$28,000.....	36	37.5
\$14,000 to \$16,000.....	\$28,000 to \$32,000.....	39	41.0
\$16,000 to \$18,000.....	\$32,000 to \$36,000.....	42	44.5
\$18,000 to \$20,000.....	\$36,000 to \$40,000.....	45	47.5
\$20,000 to \$22,000.....	\$40,000 to \$44,000.....	48	50.5
\$22,000 to \$26,000.....	\$44,000 to \$52,000.....	50	53.5
\$26,000 to \$32,000.....	\$52,000 to \$64,000.....	53	56.0
\$32,000 to \$38,000.....	\$64,000 to \$76,000.....	55	58.5
\$38,000 to \$44,000.....	\$76,000 to \$88,000.....	58	61.0
\$44,000 to \$50,000.....	\$88,000 to \$100,000.....	60	63.5
\$50,000 to \$60,000.....	\$100,000 to \$120,000.....	62	66.0
\$60,000 to \$70,000.....	\$120,000 to \$140,000.....	64	68.5

Mr. LONG of Louisiana. Mr. President, if it appeared to be the judgment of the Senate that we should vote for a major tax increase, it would be much better, in my judgment, to collect the money as an increase in the rates rather than as a surtax.

As I point out in the memorandum, which is printed in the RECORD, a surtax would require a taxpayer to compute his tax, then multiply that amount by 10 percent, and finally add those figures to come up with the final tax.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may proceed for 2 minutes on the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, if a major tax increase were to be voted, it is my judgment it would be much better simply to increase the rates so a taxpayer could make just one computation of what he owes. I also believe it would be more popular simply to increase the rates rather than to pile an additional tax on top of the existing tax.

The amendment would merely provide for the same rates which are presently provided in the tax schedules after the first rounds of tax cuts under the 1964 tax reduction bill. In other words, the amendment would leave in effect the first stage of the 1964 tax cut but not the second stage that occurred the next year. That would mean that two-thirds of the tax cut which was given taxpayers in 1964 would remain in effect and they would surrender one-third of the tax cut they have previously received. Those rates are still to be found in the law. The tables are there. No new tables are necessary. The effect of the amendment would be to leave the taxpayer with the first step in the 1964 tax cut, but not the second step.

The amendment would also provide that the tax on corporations would be the same as it was prior to the 1964 cut. That is, the top rate would again be 52 percent.

The alternative capital gains tax of 25 percent would be increased under the amendment to 27.5 percent, which is

about the same size increase as would occur under the 10 percent surtax.

I believe my proposal is the logical way to handle a tax increase, and I think more acceptable to the public, in the event that a major tax increase is to be passed by Congress. It would not be as unpopular as the surtax which has been suggested.

Mr. HRUSKA. Mr. President, I yield myself 4 minutes on the bill.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 4 minutes.

QUOTA CONTROL SYSTEM ON IMPORT OF MEAT AND MEAT PRODUCTS

Mr. HRUSKA. Mr. President, upon acceptance earlier of the Hollings textile amendment a number of my colleagues who are cosponsors with me of my bill, S. 1588, which would improve the quota control system on the import of meat and meat products, have asked whether I intended to offer the substance of that measure as an amendment to the pending excise tax legislation.

After consultation with representatives of the cattle industry and more widely with a goodly number of my cosponsors, Mr. President, I have concluded that proposal of such an amendment would not be wise at this time.

It will be recalled that last year a similar amendment was offered by the Senator from South Dakota [Mr. McGOVERN] and was accepted by the Senate by a vote of 55 to 19.

But after a number of amendments covering other matters had been added to the bill, the Senate sent the measure back to the Finance Committee, by a vote of 64 to 22, with instructions to drop all previously adopted floor amendments.

Mr. President, my purpose, and that of the 36 Senators who have joined me in sponsorship of S. 1588, is to achieve enactment of our bill. If we thought that adding it to the pending excise extension bill would achieve that purpose, we would offer the amendment.

But we must be realistic. Even if we were successful in obtaining Senate approval of our amendment, there is the greater likelihood that the amendment would be lost in the Senate-House conference.

COMPARISON OF INDIVIDUAL INCOME TAX RATES UNDER PRESENT LAW (1967) AND UNDER THE LONG AMENDMENT—Continued

Taxable income bracket		Tax rate (percent)	
Single person	Married (joint)	Present law	Long amendment
\$70,000 to \$80,000.....	\$140,000 to \$160,000.....	66	71.0
\$80,000 to \$90,000.....	\$160,000 to \$180,000.....	68	73.5
\$90,000 to \$100,000.....	\$180,000 to \$200,000.....	69	75.0
\$100,000 to \$150,000.....	\$200,000 to \$300,000.....	70	76.5
\$150,000 to \$200,000.....	\$300,000 to \$400,000.....	70	76.5
\$200,000 and over.....	\$400,000 and over.....	70	77.0

COMPARISON OF CORPORATION INCOME TAX AND CAPITAL GAINS TAX CHANGES UNDER PRESENT LAW (1967) AND UNDER THE LONG AMENDMENT (IN PERCENT)

	Corporation income		Capital gains tax
	Normal tax	Surtax	
Present law.....	22	26	25
Long amendment.....	22	30	27½

In addition, a bill which is almost identical to S. 1588 has been introduced in the House by the distinguished chairman of the Ways and Means Committee, Mr. MILLS, who feels quite strongly that action should be taken on that measure before final action by the Senate.

Last year the Senate Finance Committee held hearings on a number of proposals to grant additional protection against imports to a number of key American industries suffering damage from such imports, including textiles, meat, dairy products, steel and petroleum. At that time, I and others appeared to explain the provisions of the bill S. 1588, introduced under the sponsorship of 39 members of the Senate, including myself and my colleague from Nebraska [Mr. CURTIS].

Following the completion of the three days of Finance Committee hearings on the various import control measures, it was indicated that some further hearings should be held. But they have not been held and the committee has not yet reported any legislation or made any reports of its findings in this matter.

Therefore, Mr. President, I respectfully urge the Senate Finance Committee to consider the meat import bill which it now has and report it favorably soon to the Senate where it can await action by the House.

This is the orderly and logical way to proceed. A good record has already been made in the Senate; an equally good one will be made in the House, and the issue will not be confused by having this bill added to a measure dealing with an entirely different subject. This bill on meat import quotas is a sound and workable measure, entirely capable of being considered on its own merits and should not be prejudiced because of the manner in which it was considered.

In the meantime, Mr. President, it is hoped that all will understand that the problems of the livestock industry require attention during this session of the Congress.

Mr. President, the Department of Labor reports that the average hourly wage for production workers in all manufacturing industries in February 1968 was \$2.95. In 1958 the average hourly wage was \$2.11. In 1948 it was \$1.32,

compared with \$2.95 in February 1968. So wages of factory labor have increased by a good deal more than 100 percent in 20 years.

That is all right. I am glad to see the factory worker steadily getting a higher wage, and improving his standard of living.

The farmer's wage, however, is measured by the price he receives for the product he sells.

In 1948—20 years ago—the average price received on the sale of choice slaughter steers in Chicago was \$30.96 per 100 pounds. During the week ending March 24, 1968, the price was \$27.71 per 100 pounds, \$3.25 lower than the price received 20 years earlier. Meanwhile the price of everything he must buy has gone steadily upward.

The brutal fact is that the farmer and the rancher have not shared in the prosperity gained by every other group in our economy.

Mr. President, the figures on imports of meat for the full year of 1967 indicate a trend which is cause for serious concern.

Imports last year were by far the highest since the disastrous years of 1962–63. Quantity of imports of fresh, chilled, or frozen beef, veal and mutton, by years, has been as follows:

	Million pounds
1964	739.9
1965	613.9
1966	823.4
1967	894.9

Not just the quantity, but the upward trend is alarming. Furthermore, practically all of the increase in 1967 was recorded during the second half of the year. Imports during the last 6 months of 1967 were 517 million pounds, compared with 447 million pounds during the corresponding 6-month period of the previous year—an increase of 16 percent.

The Secretary of Agriculture has told us that imports next year will not be very different from this year. His formal estimate for all of 1968 is 900 million pounds. We must hope he is correct. If imports should continue to increase at the rate experienced during recent years and months, we should soon be in trouble again.

Public Law 88-482, the import quota law passed during the crisis of 1964, contained compromises which had to be made to win the administration's approval. It set a basic quota of 725.4 million pounds, but contained elaborate machinery permitting a growth factor for foreign suppliers, an overrun of 10 percent above the quota, and various other complex escape clauses. As a result, Secretary of Agriculture Freeman has announced that quotas will not actually be imposed for 1968 unless imports threaten to exceed the figure of 1,045,300,000 pounds. That is why a revision of law is urgently needed.

Mr. President, all of us are concerned about the critical problems resulting from our unfavorable balance of payments. If President Johnson is serious about our efforts to reduce this deficit, one of the most useful things he could do would be to withdraw his administration's stubborn opposition to meaningful

legislation to curb the imports of meat from foreign countries.

The President has repeatedly expressed grave concern about the serious problem of our international balance of payments and what it means to our gold supply and the stability of the U.S. dollar. Among his proposals to ease the problem is a punitive tax on Americans traveling abroad which is estimated to cut tourist expenditures by about half a billion dollars a year.

Coincidentally, in 1967, our adverse balance of trade on meat and meat products was almost that same amount, \$493 million. We imported \$644 million worth of foreign meat and exported only \$151 million.

I wish to stress, Mr. President, that our bill, S. 1588, would not completely eliminate imports of foreign meat.

We have no intention of retiring behind an unrealistic protectionist barrier, but we do seek to limit imports to a proper historical level, with due consideration for additional growth each year. This would allow the American producer to compete with his foreign competition on even terms.

Despite the worsening balance-of-payments picture, the administration has shown no inclination to retreat from the position taken during hearings on S. 1588 last year when a parade of Cabinet officers expressed inflexible opposition to the measure.

SUMMARY

The bill for meat import limitation clearly should be enacted into law.

But this is neither the time nor the place to get that job done.

Time is very short for the enactment of the Tax Adjustment Act of 1968 as reported by the committee. Unless this is done by the end of this week, great disadvantage will result.

This bill is needed for its help to the beleaguered dollar. The fiscal situation of the country is grave. We should not add to it by complicating and burdening matters by delay and additional extraneous subject matter.

It is better judgment to await a more orderly and timely occasion, which certainly will occur soon.

Unless other import quota or other highly nongermane amendments will be proposed and considered by the Senate, it is my intention not to propose an amendment embracing the substance of S. 1588, until such a more orderly and timely occasion occurs.

Mr. President, I yield back the remainder of my time.

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may be permitted to proceed for 2 minutes without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT OF 1966

Mr. BYRD of West Virginia. Mr. President, on behalf of the senior Sena-

tor from Indiana [Mr. HARTKE], I ask that the Chair lay before the Senate a message from the House of Representatives on S. 2029.

Mr. President, I understand that this matter has been cleared on both sides.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2029) to amend the National Traffic and Motor Vehicle Safety Act of 1966 relating to the application of certain standards to motor vehicles produced in quantities of less than 500, which was to strike out all after the enacting clause and insert:

That title I of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following new section:

"Sec. 123. (a) Upon application made by a manufacturer at such time, in such manner, and containing such information as the Secretary shall prescribe, he shall temporarily exempt a limited production motor vehicle from any motor vehicle safety standard established under this title if he finds that compliance would cause such manufacturer substantial economic hardship or that such temporary exemption would facilitate the development of vehicles utilizing a propulsion system other than or supplementing an internal combustion engine and that such temporary exemption would be consistent with the public interest and the objectives of this Act.

"(b) The Secretary shall require, in such manner as he deems appropriate, the notification of the dealer and of the first purchaser of a limited production motor vehicle (not including the dealer of such manufacturer) that such vehicle has been exempted from certain motor vehicle safety standards, and the standards from which it is exempted.

"(c) For the purposes of this section 'limited production motor vehicle' means a motor vehicle, produced by a manufacturer whose total motor vehicle production, as determined by the Secretary, does not exceed five hundred annually.

"(d) The authority of the Secretary under this section shall terminate three years after the date of enactment of this section, and no exemption granted under this section shall remain in effect after three years after the date such exemption is originally granted."

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that statements by the senior Senator from Indiana [Mr. HARTKE] and the junior Senator from Indiana [Mr. BAYH] in explanation of the bill be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR HARTKE

S. 2029, as amended by the other body, would amend title I of the National Traffic and Motor Vehicle Safety Act of 1966 to add a new section 123 to that title.

Subsection (a) of the proposed section 123 requires the Secretary of Transportation to exempt temporarily a limited production motor vehicle from any safety standard established under title I if the Secretary finds either that compliance with the standard would cause a manufacturer substantial economic hardship or that the temporary exemption would facilitate development of vehicles utilizing a propulsion system other than or supplementing an internal combustion engine. Before such a temporary exemption could be granted, however, there must be a finding that the exemption would be consistent with the public interest and objectives of the Act.

The authority contained in this provision granting temporary exemption where this would aid the development of vehicles using in whole or in part propulsion systems other than the internal combustion engine is not contained in the bill the Senate passed last November. It was added by the other body to insure that the invention and development of alternatives to existing propulsion systems would not be stifled or otherwise handicapped by rigid requirements of conformity to the various standards of testing and safety.

To be eligible for exemption, however, a vehicle using such an alternative propulsion system would still have to qualify as a limited production motor vehicle, defined in the bill as "a motor vehicle, produced by a manufacturer whose total motor vehicle production . . . does not exceed five hundred annually." Thus, as soon as a manufacturer produces more than five hundred vehicles, of any type, he is no longer eligible for temporary exemption.

Nothing in this bill is intended to prohibit the Secretary from issuing special or different safety standards for variant types of motor vehicles, under the organic act, regardless of quantity, where justified.

I ask that the Senate concur in the amendment of the House of Representatives.

STATEMENT BY SENATOR BAYH

I have no objection to the amendments made in S. 2029 by the House Committee on Interstate and Foreign Commerce and approved by the House. As I pointed out in my statement last year when I introduced this bill, the problems of complying with the requirements of certain safety standards would effectively preclude several small businesses from remaining a part of the industry.

It is the legislative intent of this amendment to authorize the Secretary, upon the receipt of proper justification, to afford additional time to the companies to meet certain requirements that are beyond their immediate capabilities because of their particular circumstances. It is my hope that the Secretary will take immediate steps to implement the amendment. Only in this way can the small companies survive.

Let me also express my appreciation to all of the Members and staffs of the Senate Committee on Commerce and the House Committee on Interstate and Foreign Commerce to Dr. William Haddon, the National Traffic Safety Agency, and the many parties who took an active interest in the problem and contributed to this amendment and its final consideration.

Mr. BYRD of West Virginia. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

TAX ADJUSTMENT ACT OF 1968

The Senate resumed the consideration of the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I might suggest the absence of a quorum without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 672

Mr. JAVITS. Mr. President, I call up my amendment (No. 672) and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

On page 7, line 23, strike out the period and insert the following: "except that the President shall not reserve from expenditure any amounts from appropriations or other obligational authority available for the following purposes:

- "(1) education,
- "(2) low-income housing,
- "(3) water and air pollution prevention,
- "(4) prevention and detection of crime,
- "(5) the District of Columbia,
- "(6) training and employment of disadvantaged persons,
- "(7) war on poverty."

Mr. JAVITS. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. JAVITS. Mr. President, it is my understanding that the business for the day is completed. I have called up the amendment so that it will be the pending business and so that we may proceed with the matter the first thing in the morning. I therefore reserve the remainder of my time.

The PRESIDING OFFICER. Is this the 2-hour amendment?

Mr. JAVITS. I will designate it as the 2-hour amendment.

The PRESIDING OFFICER. It is so designated.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the joint resolution (H.J. Res. 933) to proclaim National Jewish Hospital Save Your Breath Month.

ORDER FOR RECOGNITION OF SENATOR BYRD OF WEST VIRGINIA TOMORROW FOR 15 MINUTES AND FOR A 15-MINUTE PERIOD FOR TRANSACTION OF MORNING BUSINESS

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that when the Senate meets tomorrow, after the disposition of the Journal the Senator from West Virginia [Mr. BYRD] may be recognized for 15 minutes, and that there-

after there be a brief period for the transaction of routine morning business, not to exceed one-half hour, and that statements other than that to be made by the Senator from West Virginia [Mr. BYRD] be limited to 3 minutes.

The PRESIDING OFFICER. The Chair inquires of the Senator from Louisiana: Is that one-half hour beyond the period in which the Senator from West Virginia will speak?

Mr. LONG of Louisiana. No, Mr. President; 15 minutes to be assigned to the Senator from West Virginia and the other 15 minutes for Senators desiring to make 3-minute statements; one-half hour in all.

Mr. JAVITS. Mr. President, would the Senator allow me to make as part of my remarks a brief statement describing the amendment which I will be discussing tomorrow?

Mr. LONG of Louisiana. Of course.

Mr. JAVITS. I thank the Senator from Louisiana.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

RECESS UNTIL 9 A.M. TOMORROW—OBJECTION TO COMMITTEE MEETINGS

Mr. LONG of Louisiana. Mr. President, if there be no further statements to be made by Senators this evening, I move that the Senate stand in recess until 9 a.m. tomorrow.

Mr. BAKER. Mr. President, before the Senate recesses, I am instructed by the leadership on the Republican side to state—and I believe that this has been discussed with the Senator from Louisiana [Mr. LONG]—that there will be objection to any committee meetings after the convening of the Senate tomorrow.

The PRESIDING OFFICER. All committees?

Mr. BAKER. All committees.

Mr. BYRD of West Virginia. May I ask the Senator from Tennessee, am I to understand from what he has just said that no subcommittees will be permitted to meet during the session of the Senate tomorrow?

Mr. BAKER. That is correct. There will be objection to any committee meetings.

Mr. BYRD of West Virginia. Mr. President, I want the record to show that I asked this question of the Senator from Tennessee because of a request which was handed to me by the distinguished junior Senator from Connecticut [Mr. RIBICOFF], who wanted the Subcommittee on Executive Reorganization of the Committee on Government Operations to meet during the session of the Senate tomorrow.

Mr. BAKER. For the record, Mr. President, I distinctly regret having to make this request, but I have been instructed by the Republican leadership on this side of the aisle to object to any committee meetings tomorrow, and I do so object.

The PRESIDING OFFICER. Objection is heard.

The question is on agreeing to the motion of the Senator from Louisiana [Mr.

LONG that the Senate recess until 9 a.m. tomorrow.

The motion was agreed to; and (at 8 o'clock and 22 minutes p.m.) the Senate recessed until tomorrow, Friday, March 29, 1968, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate March 28 (legislative day of March 27), 1968:

IN THE ARMY NATIONAL GUARD

The Army National Guard of the United States officers named herein for promotion as Reserve commissioned officers of the Army, under provisions of title 10, United States Code, sections 593(a) and 3392:

To be major generals

Brig. Gen. Joseph Mark Ambrose, O460406.
Brig. Gen. LaVern Erick Weber, O963734.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Martha G. Anderson, Semmes, Ala., in place of M. B. Roberts, retired.

ARKANSAS

James D. Vestal, Jr., Huttig, Ark., in place of F. M. Johnson, retired.

CALIFORNIA

Kathryn C. Kelsey, Bryn Mawr, Calif., in place of I. A. Rice, retired.
Crawford F. Smith, San Ramon, Calif., in place of W. C. Fereira, retired.

COLORADO

Philip F. Koerner, Rangely, Colo., in place of M. E. Gerry, retired.

GEORGIA

Tom W. McLeod, Valdosta, Ga., in place of C. C. Alderman, retired.

IDAHO

Lloyd R. Puntenney, Greenleaf, Idaho, in place of G. H. Sherman, removed.

ILLINOIS

Carl W. Johnson, Magnolia, Ill., in place of E. A. Defenbaugh, retired.

Andrew G. Kubaitis, Willow Springs, Ill., in place of C. E. Daenitz, retired.

INDIANA

Russell T. Delp, Brookston, Ind., in place of D. L. Stanford, removed.

IOWA

Robert M. Corporon, Dougherty, Iowa, in place of Marie Dougherty, deceased.
Elmer J. Chalupsky, Elberon, Iowa, in place of J. F. Whelan, deceased.
Francis J. Boyle, Worthington, Iowa, in place of L. P. Sausser, retired.

KANSAS

Robert A. Carpenter, Oswego, Kans., in place of H. E. Monroe, retired.

KENTUCKY

Edward F. Hay, Augusta, Ky., in place of U. M. Richey, retired.

MAINE

Louis P. L. Loubler, Waterville, Maine, in place of E. F. Poulin, deceased.

MICHIGAN

Donald J. Wiltshire, Onaway, Mich., in place of E. A. Peacock, deceased.

MINNESOTA

Arlo O. Bierkamp, Luverne, Minn., in place of M. E. Jensen, retired.
Robert J. Stern, Upsala, Minn., in place of B. B. Amren, resigned.

MISSOURI

Clifford N. Bray, Sweet Springs, Mo., in place of J. W. Jones, deceased.

MONTANA

Elizabeth B. Watson, Trout Creek, Mont., in place of J. J. Cernik, retired.

NEBRASKA

Blaine E. Erickson, Bennington, Nebr., in place of L. A. Mangold, retired.

NEW JERSEY

Lillian E. Noreika, Clarksburg, N.J., in place of Murray Kreutner, deceased.
Andrew Klinry, Minotola, N.J., in place of L. R. Powers, retired.

NEW YORK

Francis E. Donahue, Hogsburg, N.Y., in place of W. H. Bergo, removed.

Irving G. Weber, Nyack, N.Y., in place of W. J. Barber, retired.

NORTH CAROLINA

Murphy R. Boyd, Jr., Durham, N.C., in place of W. M. Carver, retired.

NORTH DAKOTA

Lawrence W. Schaub, Dickey, N. Dak., in place of K. I. Paton, deceased.

OHIO

Willard E. Poston, Flushing, Ohio, in place of E. L. Romich, retired.
Carlos W. Potts, Lore City, Ohio, in place of H. P. Galloway, retired.

PENNSYLVANIA

Genesio L. Carlini, Lawrence, Pa., in place of William VanTassel, retired.

TEXAS

Edwin L. Logan, Kermit, Texas, in place of C. T. Waller, deceased.
Russell W. McFarland, Portland, Texas, in place of A. B. Shults, retired.

WISCONSIN

Charles E. Stokke, Barron, Wis., in place of G. M. Barritt, retired.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 28 (legislative day of March 27), 1968:

DEPARTMENT OF JUSTICE

Edward J. Schwartz, of California, to be U.S. district judge for the southern district of California.

George I. Cline, of Kentucky, to be U.S. attorney for the eastern district of Kentucky for the term of 4 years.

Klyde Robinson, of South Carolina, to be U.S. attorney for the district of South Carolina for the term of 4 years.

James E. Atwood, of Washington, to be U.S. marshal for the eastern district of Washington for the term of 4 years.

FOREIGN CLAIMS SETTLEMENT COMMISSION

Leonard v. B. Sutton, of Colorado, to be a member of the Foreign Claims Settlement Commission of the United States for the remainder of the term of 3 years from October 22, 1966.

EXTENSIONS OF REMARKS

The Supreme Sacrifice

HON. JOHN E. MOSS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 28, 1968

Mr. MOSS. Mr. Speaker, it was 13 months ago when Marine Cpl. Ronald R. Ryan, of Sacramento, Calif., first wrote to me seeking my assistance in getting him a combat assignment in Vietnam. Today, he is dead—a casualty of a horrendous war.

Corporal Ryan was a trained rifleman in the infantry. It was frustrating to him to know that his security guard assignment in Guam might keep him from serving in Vietnam. He was a determined young man of 21 in February 1967, when he wrote to me. Like many other young Americans, he took leave from college to enlist in the service to fulfill his obligation. Corporal Ryan enlisted in the Marine Corps "for the sole purpose of fighting for my country in Vietnam." It was his

intention to return to college in September of this year.

"Please make it possible for an American to be able to help America, while there is a need," he wrote.

His major obstacle in Guam was the entangled web of Marine Corps bureaucracy. His desires to serve his country as he knew best were earnest, and his superior officers were soon to learn that Corporal Ryan was not easily discouraged.

I wrote the Commandant of the Marine Corps and told him that young Ryan was displaying a great deal of patriotism and it would appear that his request should be honored. During the intervening months of February to June, many letters and phone calls were exchanged.

I was notified on June 12, 1967, that Corporal Ryan had been selected for reassignment to the Republic of Vietnam. His perseverance had won out.

During his 9 months of combat duty, Corporal Ryan was wounded twice, once by a grenade and once by mortar fire. He was killed early this month while re-

turning to duty from rest leave in Australia. He was one of 47 men aboard an Air Force transport plane which was shot down by hostile fire.

His last letter to me was dated June 19, 1967. He wrote of his combat assignment and how he would be rotating back to the States in May 1968, and how he would become a civilian again in June. He closed his letter saying:

I will do my best to serve my country to the fullest extent of my ability.

This he has done. He has made the supreme sacrifice for his country. He was a brave young man.

I am inserting in the RECORD Corporal Ryan's first and last letters to me, and the newspaper story of his untimely death:

FEBRUARY 5, 1967.

DEAR SIR: By writing this letter, I am exercising my right as an American citizen to voice my opinions and express my thoughts to my Congressional representative in Washington, for the first time in my life. I am a twenty-one year old resident of Sacramento, California, and presently serving my country